

espons
freeme



FINANCIAL TIMES

SINGLE MARKET

Seoul cleans its image for 1992

World News

Pressure builds for ceasefire in Namibia

Senior UN officials made their first visit to the battleground in northern Namibia for talks with South African field commanders as diplomats in African and other capitals sought to reach a UN-monitored ceasefire.

More than 150 people have died in the past four days in fighting across northern Namibia between South African security forces and guerrillas of the South West Africa People's Organisation (SWAPO).

Bush Nato visit

President George Bush announced plans to travel to Europe next month to attend a special meeting of the North Atlantic Treaty Organisation celebrating 40th anniversary of the Alliance.

Eta ends truce

Attempts to bring about a negotiated solution to Basque terrorism were finally dashed as the separatist organisation Eta announced it was ending its three-month truce and would resume a campaign of violence.

Coup leaders leave

Haiti's military government, which survived a coup attempt on Sunday, allowed the leaders of the uprising to leave the country for the US.

Lima blasted out

Much of Lima, Peruvian capital, was without electricity while repairs were made to pylons damaged by the Tupac Amaru revolutionary movement (MRTA).

Fraser report moves

Pressure grew on the UK Government to publish official report into the takeover of House of Fraser by the Fayed brothers after acknowledging that it contained evidence of "wrongdoing".

War debt accord

Iraq's major Western creditors reached a private understanding of terms they will accept in rescheduling Iraq's huge wartime debt.

Sri Lanka alert

All army and police leave in Sri Lanka was cancelled and the security forces were on full alert to cope with a country-wide strike by the ultra-nationalist JVP.

Banks reopen

Banks reopened in Argentina but foreign exchange dealings remained suspended for the second consecutive day as the country awaited confirmation of a devaluation of the austral.

Polish talks rift

A rift between the Polish Government and the OPZZ official trade union grouping is threatening the planned completion of Poland's round-table talks.

EC health accord

Three proposals for common EC rules for health and safety in offices and factories are expected to win an outline accord from the EC's 12 social affairs ministers.

Boy wins \$225,000

Ilias Argyridis, a three-year-old Greek boy, won \$225,000 on the national soccer pools after predicting the correct outcome of all 13 weekend matches for his parents' coupon.

Business Summary

Takeover code for French bourse

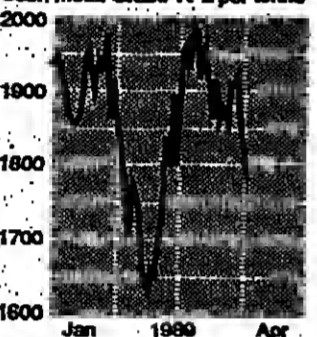
French Stock Exchange Council published details of proposed changes to its takeover code, which would force an investor to make an outright bid once he has acquired more than a third of the stock of a listed company.

The new rules are subject to the approval of the Finance Minister, on the advice of the Commission des Operations de Bourse, French stock market regulatory authority, and the Banque de France.

COPPER prices the LME continued Monday's retreat, cash metal shedding \$27 a tonne to close at \$1,779.50. Sterling's

Copper

Cash metal Grade 'A' 2 per tonne 2000



strength against the dollar accounted for most of the fall. Commodities, Page 34

CONSOLIDATED Gold Fields, UK diversified mining group, produced "a unique performance pledge" as it fired the last shot in the battle to fight off \$2.2bn (£549m) hostile bid by Minoro, South African-controlled investment company.

CAKRO, Swedish industrial holding company affiliated to the Volvo group, is to buy Skaneateles, Swedish industrial conglomerate, in an agreed takeover bid worth \$242.5bn (\$900m). Page 26

SAUDI INTERNATIONAL, consortium bank in which the Saudi Arabian Monetary Agency has a 50 per cent share, holding reported pre-tax profits of \$1.1bn (\$47m) for 1988. Page 28

US Treasury bonds moved modestly higher as the dollar closed back above recent lows. Page 29

COCA-COLA, US soft drinks group, has coupled its controversial proposal for a new manufacturing plant in India with an offer to assist India's balance of payments through further exports. Page 6

KENYA: two international loans to the country worth about \$350m are in jeopardy after disagreements between the government and the IMF and World Bank. Page 8

JOHN FREDRIKSEN, Norwegian shipping magnate, placed orders worth around \$700m with shipyards around the world. Page 6

BOEBCST, West German company which is the world's biggest chemicals group, plans to expand its fibre interests into South East Asia following its move into the US fibre market with its purchase of Celanese for \$2.65bn. Page 24

FORD: several Ford US employees have been disciplined by the company for accepting gratuities from a major supplier. Page 4

CEYZENS & Southern, leading Atlanta bank, has rejected a \$2.5bn takeover bid from NCB, rapidly expanding regional bank. Page 28

Alaska pays a high price for oil

By Jamie Buchan in Prince William Sound, Alaska

APPROACHING Naked Island, six hours by small boat out of the port of Valdez, Alaska, there is a slight breeze. It might have come out of a dream. On a pebbly shore, below heaving, spruce-covered cliffs in one of the wildest places on earth, dozens of people in green, yellow and red jackets are seated in a long row.

They are wiping stones with sand. Every now and then, one lifts a stone, inspects it carefully and then tosses it into the Sound. He picks up another from the million around him and starts wiping it off. The oil is so thick on the beach that it is hard to stand. Walk and you fall.

Welcome to the clean-up of

Prince William Sound. For the past 12 days, more than 10m gallons of crude oil from the stricken tanker Exxon Valdez have been driven by current and wind, across the face of the sound and on to cliffs and shore, seabirds, fish, mammals and smaller forms of life.

On Naked Island, 100 of the thousands of Alaskans and other Americans who have come to Valdez looking for work are getting \$18 an hour for a 12-hour day, cleaning pebbles for Exxon, the oil company responsible for the spill.

Never mind that they are throwing pebbles back into the water covered with an oily emulsion. Mr Bob Dawson, a young man from the Veco international oil service com-

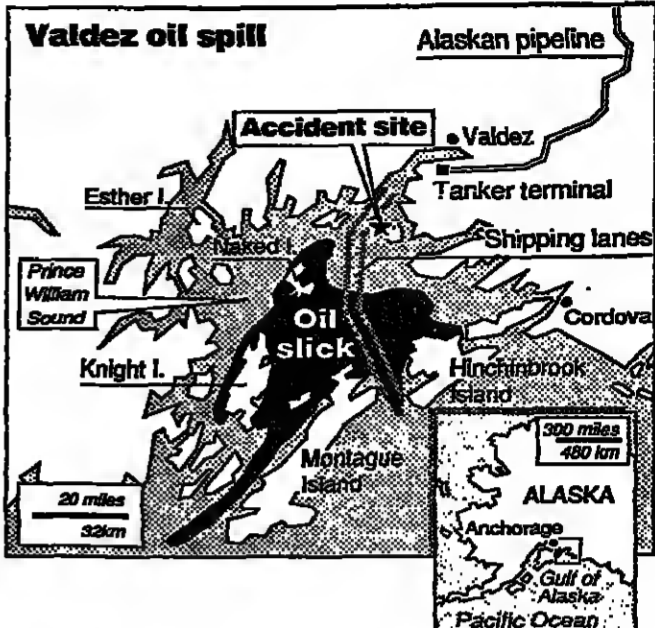
pany, who is running the operation on Naked Island, says in exasperation: "Everybody is saying we have got to do something. Well, shoot, we are doing something." Prince William Sound, a place so beautiful and empty it bewitches the mind, is full of these hallucinations of scale and effort. The mammal apparently most vulnerable to the oil is the sea-otter. It will die of cold if its fur becomes matted with oil.

If an otter is found, exhausted on the shore the rescuers get Exxon up on the radio and a helicopter is in the air from Valdez. According to Dr Randy Davies, an otter biologist from San Diego who is in Valdez, it may take five people

four hours just to clean the animal. If the otter survives - and 11 of the 28 brought in by Sunday have died - it will be flown down to San Diego for rehabilitation.

Exxon, the largest and richest US oil company, has to show willing. The company accepts liability for the spill. This means claims for damages from fishermen at the town of Cordova, home of the Prince William Sound fleet, which could run at \$250m. With personal injury lawyers from New York, Washington, Philadelphia and the West Coast falling over one another to sign up people in Valdez and Cordova on contingency basis, Exxon

Continued on Page 22 Technology, Page 13



IMF policy committee insists on linking loans to debt reduction plan

By Peter Norman and Stephen Fidler in Washington

THE International Monetary Fund's (IMF) policy-making Interim Committee yesterday insisted that new commercial bank loans to developing countries must be part of officially supported debt reduction plans.

The 22-nation committee, which includes both industrialised and developing nations, backed a strengthening of the current international debt strategy by placing greater stress on reduction of debt and debt service.

The committee adopted the decision reached on Sunday by the Group of Seven (G7) leading industrial nations that the IMF should provide resources to assist debt reduction operations in debtor nations pursuing sound economic reforms.

It became clear yesterday the IMF would look more favourably on countries with thorough-going economic reforms.

"The stronger the programme of a country, the stronger the financial support," Mr Michel Camdessus, IMF managing director, said at a press conference.

New money from the banks would be an integral part of restructuring a debtor nation's economy with the help of debt reduction. The committee's insistence on banks providing new loans reflects concern that some banks will use officially supported debt reduction to cease extending new funds to debtors.



WASHINGTON '89

The interim committee underlined that debt reduction should not result in official creditors replacing private lenders to debtor nations.

This part of the interim committee's communiqué reflected concern on the part of several nations, including Britain, the Netherlands and Switzerland, that debt reduction should not involve a transfer of risk from private creditors such as commercial banks to taxpayers in the industrial countries.

It was, however, less explicit than earlier statements on the issue. The last meeting of the Interim Committee in West Berlin in September agreed voluntary debt reduction should take place without transferring risk from private lenders to official creditors.

The committee also backed the G7 decision to "examine" the provision of IMF or World Bank funds for limited support of interest payments.

Speaking at a press conference, Mr Onno Ruding, the Dutch Finance Minister and chairman of the Interim Committee, admitted that this key element in US proposals for debt reduction had been a contentious issue.

Lockheed to shed systems group in big reshuffle

By Anatole Kisiatsky in New York

LOCKHEED, the big US military contractor, which this week said that Mr Harold Simmons, the Dallas investor, had acquired a 5.3 per cent stake in the group, yesterday announced a major reorganisation designed to focus its operations and boost shareholder value.

Lockheed said it would sell its Information Systems Group, parts of which it acquired two years ago in the \$1.6bn friendly takeover of Sanders Associates.

The four companies in ISG - CalComp, CADAM, Metier and DataPlan - produce respectively computer graphics equipment, computer-aided design and manufacturing systems, project management systems and flight planning and weather services.

They had combined revenues of \$569m in 1988 and would be sold separately, Lockheed said. Analysts said they might fetch \$1bn. Lockheed also said it would sell about 225 acres of land in Burbank near Los Angeles and relocate its Aeronautical Systems Company from Burbank elsewhere in California and in Georgia.

The proceeds of these disposals would fund a share repurchase programme, but 10.5m of fresh shares would be issued to a newly-formed Employee Stock Ownership Plan.

After the initial share repurchases and ESOP were executed, employees would own

Continued on Page 23 Moving target, Page 23

CGE and GEC agree to combine industrial units

By Paul Betsis in Paris and Hugo Dixon in London

COMPAGNIE Generale d'Electricite (CGE), the French telecommunications and heavy engineering group, and General Electric Company (GEC) of the UK are strengthening their industrial links by agreeing to combine their industrial process and power control operations.

CGE is also reinforcing its overall financial structure by merging its Alsthom and Financiere Alcatel subsidiaries into CGE.

Expected to boost CGE's group stock market capitalisation by about FF10bn to FF14bn (\$1.5bn to \$8.3bn), Mr Pierre Suard, the CGE chairman, said last night.

He also announced a 23 per cent rise in CGE's overall group net profits to FF4.15bn last year from FF3.4bn on a 4.5 per cent rise in sales to FF129bn.

Under the agreement the UK concern will shed to the French group's CGEE-Alsthom industrial controls subsidiary the activities of its GEC Electrical Projects division, the speed control and robot systems of GEC Industrial Controls, the information systems division of GEC Measurements and the 60 per cent stake GEC holds in GEC Power Instrumentation and Control, a joint company with CGEE-Alsthom.

Although CGE's original intention had been to pool its power systems activities in one large 60-50 joint venture with CGE-Alsthom, another CGE subsidiary, during negotiations it became apparent that the electrical projects and indus-

trial control businesses should be put in a separate joint venture with CGEE, GEC said.

The bulk of GEC's power systems activities, however, have been pooled in a 50-50 venture with Alsthom, as originally planned. This venture, which was concluded last month, will have annual sales of just over \$4bn (\$6.5bn).

Since CGEE's activities were much larger than GEC's corresponding businesses, it would have been unreasonable to expect a 50-50 joint venture, GEC added.

In exchange GEC will receive a 24.5 per cent stake in CGEE-Alsthom through an issue of new shares and a seat on the company's board. Mr Suard said. The deal will turn CGEE-Alsthom into a group with annual sales of FF14bn employing more than 23,000 people.

GEC expects the combination to enhance market opportunities worldwide and lead to more effective product developments.

The twin merger of Alsthom and Financiere Alcatel into CGEE is designed to strengthen and streamline the financial structure of the group and reinforce CGE's overall industrial control in its two principal subsidiaries.

Mr Suard said that CGE proposed to offer seven CGE shares for one Financiere Alcatel share to absorb the holding company, which directly controls 30.9 per cent of the Alcatel NV telecommunications group. CGE through other

Continued on Page 22

Britain's reserves suffer their biggest decline in over 10 years

By Ralph Atkins, Economics Staff, in London

BRITAIN'S gold and foreign currency reserves last month saw the biggest fall for more than 10 years as the Bank of England intervened to support the pound.

Yesterday's Treasury figures came as the pound reversed steep falls on Monday. Dealers were encouraged by comments from Mr Nigel Lawson, the Chancellor of the Exchequer, about his willingness to use interest rates and intervention to defend sterling.

In busy London trading, the pound closed 1 1/2 pennings higher against the D-Mark and more than two cents up against the dollar. The Bank of England's trade weighted index rose 0.8 to 65.8, after a fall of 0.5 on Monday.

During March the official reserves dropped by an underlying \$1.2bn, the largest monthly fall since April 1978. The decline, which gives a rough guide to the scale of

intervention on foreign exchange markets, was far larger than expected by City analysts.

It suggests that action to support sterling was more extensive than previously thought. The Bank of England was also selling dollars during the month to check rises in the US currency as part of co-ordinated worldwide intervention by major central banks. The dollar yesterday slipped against other major currencies in European trading, continuing falls on Monday.

The reserves figures include action at the end of February when sterling fell steeply amid fears of higher interest rates in West Germany.

Speaking in Washington after the meeting of the Group of Seven industrial nations, Mr Lawson said intervention and interest rates would be used as necessary to prevent sterling falling. Interviewed on BBC

radio, he said: "Any depreciation of the pound would be wholly inappropriate."

In spite of last month's fall, the official reserves continue to provide a comfortable cushion, although the annual revaluation exercise has reduced their book value. At the end of last month the reserves stood at \$45.83bn, or \$50.46bn on the old basis.

The actual change between February and March was a fall of \$1.23bn. The difference between this and the underlying change is explained by \$988m proceeds from the sixth tender of Treasury bills demonstrated in European currency units offset by \$670m of maturing Ecu Treasury bills. Repayments of borrowing under the exchange cover scheme totalled \$27m.

In London, sterling ended at DMS19 against DMS1775 at the previous close and at \$1.7065 against \$1.6980.

Shamir must adopt shifting sands of US Middlest policy

For Mr Yitzhak Shamir, Israeli Prime Minister, who arrives in Washington for talks today, the shifting sands of US policy on the Middle East, which includes talking to the PLO, is a little too active for comfort.



Page 21

Lebanon: Fighting may be calculated to provoke an international reaction. Page 3

Technology: Why modern techniques failed to contain the Exxon Valdez oil spill. Page 12

Management: The enormous task of merging Asea and Brown Boveri. Page 18

Editorial comment: Too much, yet too little. Mr Gorbachev in London. Page 20

Soviet Union: Success of reform may lie with the co-operative movement. Page 21

Lux: Consolidated Gold Fields: Currencies; Lonrho; CGE. Page 22

Survey: Denmark. Page 22

Table with 4 columns listing various market and news items.

MARKETS

Table containing market data including Australia AS-Ordinaries Index, Sterling, New York closing, Dow Jones Ind. Av., and various bond and stock prices.

Advertisement for CENTURY PLANT PERFORMANCE PROGRAMME. Text: 'PROTECT YOUR ASSETS WITH A LITTLE INSIDE INFORMATION. If you could actually see what was going on inside your company's vital manufacturing equipment, you could be protecting not just your assets, but your profits too.'

EUROPEAN NEWS

Basque separatist group promises new terror campaign **Eta violence feared as talks end**

By Tom Burns in Madrid

ATTEMPTS TO bring about a negotiated solution to Basque terrorism were finally dashed yesterday as the separatist organisation Eta announced it was ending its three-month truce and would resume its campaign of violence.

Eta's terse statement - "at zero hours on April 4 all fighting fronts will be opened" - prompted an immediate top security alert as it was feared that the separatists would rapidly back up their renewed war footing with violence.

There was considerable vigilance in Spain's Basque region border with France where police from both countries worked together to prevent the entry into Spain from France of Eta militants. Five reserve companies of anti-terrorist police were drafted into Madrid from the provinces to provide additional security.

The statement, delivered to the San Sebastian newspaper

ECIN which acts as Eta's platform, served notice that the "accords of Algiers have definitively broken down". This meant an end to a series of contacts between Eta representatives and Madrid government officials that have been conducted intermittently since the truce began in January using the mediation of the Algerian government.

The definitive breakdown of the contacts stunned Madrid and Basque officials even as they braced themselves for more murders, bomb attacks and kidnappings. For the past week and a half, the Algiers talks and speculation on whether or not Eta's truce would be extended were the dominant features of Spanish news.

The separatists had first announced, on Easter Monday, they were extending their ceasefire for a further three months, but then announced they were breaking the truce

because they objected to the wording of Madrid's statement on the progress of the talks. They subsequently backtracked again, saying they would prolong the truce first by 24 hours and then by a further 72 hours.

For the past week and a half Interior Minister Jose Luis Concha and the senior officials who have been conducting the highly secret talks were reported as talking to the French and the Algerian governments and as flying back and forth between Paris, Algiers and Madrid in an effort to maintain the momentum of the peace process.

The alternately dovish and hawkish statements issued by Eta during the negotiating period could indicate a split in the organisation's ranks, particularly between those who have been conducting the talks in Algiers and the separatist leaders to whom they have

been reporting. The latter, ETA members who are either imprisoned or living clandestinely in France, are the ones controlling the numerous active cells of gunmen and bombers who have now been ordered into action against their former captives.

A split within Eta and, by extension, a division within its political front party in the Basque region, the radical nationalist coalition Herri Batasuna, appears to be the best that can be hoped for from Madrid's point of view, given a situation that was described by one senior official as a cul-de-sac.

Another hope is that moderate Basque nationalist parties will now close ranks to firmly oppose Eta and Herri Batasuna. Such parties, which represent an overwhelming majority of Basque opinion, have increasingly been adopting such a stand.

Pandolfi bar on genetic engineering project

By William Dawkins in Brussels

THE NEW European Commission for Research and Development, Mr Filippo Pandolfi, has frozen indefinitely an Ecn15m (\$9.75m) research project to study human genes with the aim of predicting disease.

This is believed to be the first time a Commissioner has blocked one of Brussels' own technology programmes. It comes as a result of warnings by the European Parliament that such a plan should not be allowed to proceed without some European Community ethical laws on biotechnology.

European MEPs from the West German Greens party, in particular, have expressed worries that the results of the project could be used to influence people's decisions on getting married and having children.

From there, it could be a short step to the genetic modelling of races.

A European Parliament report by the Socialist Committee of the West German Greens, calls for important changes to the scheme, including the establishment of strict ethical controls.

It would channel Community cash into cross-border research projects into the use of biotechnology to forecast the likelihood of individuals catching specific diseases.

The plan, to cover the three years to 1991, would also promote "better understanding of the mechanisms of heredity, including the establishment of an ordered gene library of human DNA," says a Commission paper.

As such, officials stress the scheme would simply collect facts about genetically related disorders and have none of the sinister underlying consequences apparently suspected by the European Parliament.

The hitch is intensely frustrating for the Commission officials who drew up the scheme, known as Human Genome Analysis, last year. It was tabled without controversy last summer by Mr Karl-Heinz Narjes, the West German industry Commissioner, who handed over the technology portfolio to Mr Pandolfi on his retirement in January.

It is now stuck in it awaits the preliminary ministerial approval of the 12 member countries, needed to allow it to return to the Parliament for a second reading, the last stage before final ministerial adoption.

Member states, as a result, have convened a group of national biotechnology experts to debate the ethical consequences of human genetic research.

However, irritated Commission officials have no idea when they will even begin to redraft the scheme to take account of the controversy.



Pandolfi: warnings from European MEPs

Official union puts Poland's round-table talks at risk

By Christopher Bobinski in Warsaw

AN UNUSUAL rift between the Polish Government and the OPZZ official trade union grouping is threatening the planned completion today of Poland's round-table talks.

The row, over the extent to which wage-earners are to have their incomes linked to the rise in retail prices.

It has forced the Solidarity union, which is about to be legalised, into an uneasy alliance with the Government in its battle against the OPZZ, which is led by Mr Alfred Miodowicz, a poliburo member.

On Monday evening top negotiators from all three sides, accompanied by Roman Catholic Church observers, began a last-ditch attempt to remove remaining differences and enable the round-table talks to close today.

However, the meeting in Magdalena, a Warsaw suburb, was overshadowed by the OPZZ's insistence that incomes be linked 100 per cent to inflation. Unless the Government

agrees, the union, which claims 7m members, says it will not sign the round-table's final documents.

The Government, which had initially opposed indexation, had subsequently agreed with Solidarity to compensate for 80 per cent of the fall in living standards caused by rising prices.

On Monday night, OPZZ leaders rebuffed Mr Ireneusz Sekula, the Deputy Premier, and Mr Wladyslaw Bakia, a party secretary, both responsible for the economy, who urged them to reconsider. A personal request from General Jaruzelski to Mr Miodowicz met the same fate.

The OPZZ said the union, set up in 1982 to replace Solidarity, was a year earlier, felt threatened by the return of Mr Lech Walesa's movement and its stance on wages was aimed at winning the support of the lower paid in particular.

It appears to be backed by conservatives in the Commu-

nist party opposed to the round-table contract. Indeed, Mr Rajmund Miron, leader of the official miners' union, openly accused General Jaruzelski last month of making too many political concessions to Solidarity.

Yesterday, at Magdalena, the authorities gave way to Solidarity on strengthening the powers of a democratically-elected Senate over legislation passed by Parliament, and this has opened the way to a final agreement.

The round-table package includes a Solidarity promise not to boycott elections in June and foresees a minority opposition presence in Parliament and a free contest for the new upper chamber.

Yesterday Solidarity issued a statement accusing the OPZZ of attempting to sabotage the talks and demanding a concession Soviet scientists to call for the scrapping of one of the country's biggest investments - the construction over the next decade of five petrochemical plants in the oilfields of western Siberia, planned as joint ventures with US, Japanese, West German and Italian companies.

Greek, Turkish Cypriots to unstaff Green Line

THE GOVERNMENTS of Greek and Turkish Cypriot communities have agreed to withdraw soldiers from three tense observation points on the Green Line in Nicosia, AP reports from the UN.

Mr Rauf Denktaş, the president of the breakaway Turkish Republic of Northern Cyprus, confirmed that his government had fully agreed with the UN plan for the pullback.

Greek Cypriot troops are only 10 meters from Turkish Cypriot troops at some points along the buffer zone known as the Green Line. Last year, a Turkish Cypriot and a Greek Cypriot were killed in separate sniping attacks.

Under the terms of the UN plan, both the Greek and Turkish Cypriot forces will withdraw from the posts, but will not necessarily have to dismantle their defences.

Mr Andreas Apostolides, the Cypriot defence minister, said that his government has agreed to the UN plan. Both sides still have to sign formal documents.

If the plan succeeds, Mr Denktaş said it would "naturally" lead to further steps towards de-militarisation, "provided the UN is between us. Our armed people must not see each other from different

points." The UN Peacekeeping Force in Cyprus, known as UNFICYP, was established in 1964. Since 1974, it has patrolled the Green Line in an attempt to defuse hostilities. It has about 2,100 troops and 34 police monitors from nine nations.

Mr Denktaş and Cypriot President George Vassiliou are in New York for a third round of talks mediated by Secretary-General Javier Perez de Cuellar on how to reconcile the Greek and Turkish communities on the island.

The Mediterranean island has been unofficially partitioned since the Greek government fomented a coup and Turkish troops moved into the northern sector to protect the Turkish minority community.

The coup failed, but about 30,000 Turkish troops remain and about 60,000 Turks moved from the mainland to settle in northern Cyprus.

Mr Vassiliou's government demands the removal of the Turkish troops and settlers as part of the process of establishing a national republic with two states with virtual autonomy in local affairs.

The Turkish Cypriot community declared itself a nation in 1983, but the republic has been recognised only by Turkey.

EC intervention 'must be curbed' argues Redwood

By Guy de Jonghère, International Business Editor

A FORMER senior adviser to Mrs Margaret Thatcher has called for firm action to stem pressures in the rest of the European Community for more intervention by Brussels and the development of a federal Europe.

Mr John Redwood MP, head of the Prime Minister's policy unit in 1984-85, said in a paper that a "major ideological divide" had opened up between those who favour a market-based system and advocates of a bigger role for the European Commission in regional and social policies, taxation and company law.

"The two strands of European policy are mutually irreconcilable and one needs to triumph or the other to triumph," the paper says, arguing that increased interventionism, favoured by socialist groupings in the Commission would undermine the principles of free competition enshrined in the Treaty of Rome.

Mr Redwood's paper, which echoes many of the themes of Mrs Thatcher's speech last year to the College of Europe

in Bruges, recommends a number of steps to curb EC interventionist trends. They include proposals that:

- European regional policy subsidies should be immediately abolished and the Common Agricultural Policy replaced by a market-based system.

- Britain should not become a full member of the European Monetary system.

- The Commission's competition directorate should be strengthened, but its control over mergers should be limited to deals involving total turnover of more than \$200 a year.

- "Europe 1992" should be based, by John Redwood, £3.50; Centre for Policy Studies, 8 Wilton Street, London SW1. EPL 01-228 1178.

Moscow urged to scrap giant oil project

By John Lloyd in Moscow

THE DREPPENDING crisis in the production and availability of consumer goods in the Soviet Union has prompted a group of western Soviet scientists to call for the scrapping of one of the country's biggest investments - the construction over the next decade of five petrochemical plants in the oilfields of western Siberia, planned as joint ventures with US, Japanese, West German and Italian companies.

The attack on the project, approved at the end of last year by the Council of Ministers, is given extra weight by being headed by three full members of the academy of sciences - Mr Boris Laskorin, Mr Nikita Molodtsev and Mr Mikhail Starobinich.

By the support given to it by Ivestria, the government newspaper.

The scientists, in a letter to the newspaper, claim that the project will cost more than double the projected R50bn (500bn) investment, will force the relocation of more than 100 workers and their families to the inhospitable Tyumen region of western Siberia, will cause ecological disaster in the area and will, when on stream, force down the world price of plastics and polymers.

Above all, they claim that the project will serve both the rest of the chemical industry of much needed funds, inhibiting the adoption of energy saving strategies and "exclude any possibility of reorientating the economy in the 13th and 14th five year plan periods (the 1990s) to goals of the west."

They say that the cost of infrastructure in the region needed to support the plants would be some R20-25bn, financed exclusively by the Soviet side of the joint venture.

"In this way we are almost giving a present to the western countries by creating an our own cost system of buildings and infrastructure to serve the joint venture. Are we really so rich to bite off such a large slice from our not-so-luxurious cake?"

The academicians stress that their objections spring in the first instance from concern over the social crisis in the USSR. "The growing political activity of the people and growing social optimism is not accompanied by any significant improvements in the resolution of existing social problems. This situation cannot continue for long. We have to change the economic structure and use existing resources constructively."

In a brief response also printed by Ivestria, Mr A I Lukashov, deputy chief of Gosplan, the state planning agency, says the project is a "commercial secret and thus not open to public discussion, especially by 'incompetent sources' in an editorial.

The newspaper says it "has to be debated competently and universally - you cannot discuss a project affecting the lives of millions of people without their knowledge."

EC set to approve safety at work rules

By William Dawkins in Brussels

THREE PROPOSALS for common European Community rules for health and safety in offices and factories are today expected to win an outline accord from the EC's 12 social affairs ministers.

While technically detailed, they are of broad political importance to the Spanish Government, which, as current EC president, is keen to support efforts of Mr Jacques Delors, the European Commission president, to accord social policy a higher place in the campaign for a single Community market by the end of 1992.

Mrs Vasso Papandreu, the social affairs commissioner, will also give ministers a progress report on Brussels' plans for a charter of "fundamental social rights." But this has already drawn criticisms from the UK Government and EC employers' organisations, who fear too many social policy regulations will be an administrative burden for business.

However, such attacks have not been levelled at today's directives on workers' safety, perhaps a sign of their relatively limited scope. The widest reaching of them, covering health and safety at work, aims to set minimum standards for the safe design of factories and offices, covering details like electric wiring, fire warning equipment and lighting.

A second proposal sets minimum rules for the safe use and installation of machinery, designed to complement a separate Commission directive setting common technical requirements for machine tools, which received ministerial approval last year. The final scheme lays down common standards for the use of protective clothing for industrial machinery operators.

Austria to apply this summer

By Judy Dempsey in Vienna

AUSTRIA'S coalition Government will formally apply for membership of the European Community this summer, ending months of speculation and internal wrangling among the country's political parties and within the Socialist party (SPO).

The decision to press ahead with the application was made after the SPO, senior partner in the coalition led by Chancellor Franz Vranitzky, finally closed ranks over the issue.

In a "position paper" released earlier this week, the party concluded that applying to the EC would be "profitable", but that Austria should not apply "at any cost." In particular, it split out in no uncertain terms that Austria's neutrality would be maintained and interpreted only by Vienna.

But senior officials in the SPO still harbour reservations about the future direction of the EC, especially on issues related to the free movement of people within the Community, one of the goals of the internal market.

They fear that Vienna's special relationship with Eastern Europe - many countries do not require visas for entering Austria - may be compromised by the internal market. Meanwhile, the SPO's position has been welcomed by the conservative People's party, the junior coalition partner.

Over the next few weeks, the Government will draw up a final report, present it to Parliament and send the letter to apply for EC membership to Brussels.



President Mitterrand samples some of the culinary delights of the town of Günzburg where he met Chancellor Kohl

Mitterrand and Kohl prepare for summit

By Haig Simonian in Günzburg

MILITARY ISSUES remained surprisingly absent from the agenda at yesterday's meeting between Chancellor Helmut Kohl of West Germany and President François Mitterrand of France, called to prepare their positions ahead of a string of key international conferences in next three months.

The meeting in the small Bavarian town of Günzburg, marking the first visit by a French leader to the town since Napoleon in 1805, was devoted to co-ordinating joint positions at the forthcoming European summit in Madrid at the end of June, and the seven nation world economic summit, which is due to take place in Paris in July.

However, President Mitterrand used the occasion to launch a powerful call for a return to stability in Lebanon, currently rent by renewed sectarian fighting. The President said France and the European Community had made a variety of diplomatic initiatives, so far in vain.

However, the President was short of concrete suggestions for ending the fighting, apart from further moral, psychological and economic pressure by concerned nations.

With the report by the Delors committee on closer European economic and monetary co-operation due to be submitted by the end of this month, monetary and economic issues played an important part in the two leaders' talks. Mr Kohl said he hoped the EC would be able to push through the major lines of policy by the end of the French presidency in December following preliminary consideration of the report at the next European Council meeting in Madrid at the end of June.

Both leaders proclaimed their enthusiasm to press ahead with the "true" abolition of border controls between EC member states. "There is no sense to have the free circulation of goods if you block the free circulation of people," said Mr Kohl.

Both said they recognised open borders between EC countries required joint policies towards political asylum seekers and also towards international crime. The question of a new European body to combat international criminal gangs was not specifically raised.

The two leaders said they intended to emphasise environmental issues at this year's world economic summit, while also drawing attention to the links between environmental issues and the debt problems of third world countries. The recent oil spillage in Alaska had once again show the "global endangerment of the environment," said Mr Kohl.

Defence issues were barely raised, despite the differences between the two countries on conventional and nuclear disarmament. However, the subject is likely to feature much more prominently at the next Franco-German summit in Paris later this month, which will also mark the first official meeting of the Joint Defence Council set up by the two countries.

W German industrial upswing continues

By Andrew Fisher in Frankfurt

FURTHER EVIDENCE of the continuing buoyancy of the West German economy was provided yesterday with the news of yet another large monthly trade surplus and a upturn in industrial production early this year.

West Germany's trade surplus totalled DM11.4bn (£3.6bn) in February, sharply higher than the DM6.5bn of the same month last year, but down on the DM11.5bn of January, 1988.

In the first two months, exports rose by 29 per cent over last year and imports by 27 per cent, the Federal Statistics Office said.

The main stimulus to West Germany's soaring export performance has come from western Europe, and Commerzbank said in a report on West German trade yesterday that EC countries would again provide the best opportunities for the country's foreign sales.

Last year, West Germany's surplus with other EC countries advanced by DM18.5bn to DM31bn, the biggest customer being France, the UK, Italy, and the Netherlands.

The overall trade surplus was a record DM12.3bn, which economists expect to increase again this year.

The industrial output figures released by the Economics Ministry showed a gain of nearly 8 per cent for February over the same month of 1988 and one of 1.3 per cent over January, 1989.

On a seasonally adjusted basis, the February rise over January was 0.2 per cent, with the January rise over the February of 6 per cent over the same two months of last year.

Fears of overheating led the Bundesbank to raise interest rates early this year, but it was at pains to explain yesterday that it had no plans to tighten monetary policy further.

This was after it reverted to an interest rate tender for this week's securities repurchase agreement, thus allowing commercial banks to set their own rates.

In past weeks, it had adopted a fixed rate tender to calm financial markets and keep rates steady.

This week's change is expected to lead to an increase from the latest 5.50 per cent repo rate to 6 per cent.

Lombard and discount rates are seen likely at tomorrow's Bundesbank council meeting.

That the Hungarian authorities are about to slap on imports. From April 3, the amount of duty-free goods Hungarians will be able to bring home has been reduced from 10,000 forints (\$110) to 5,000 forints. The import tax on certain goods, such as video will rise sharply to 45 per cent.

Clearly, the rate at which the Hungarians have been spending hard currency has placed a considerable strain on the country's reserves. Net receipts from tourism have fallen from a surplus of \$698m in 1987 to a deficit of \$36m.

But such is the price of a more liberal travel policy as well as a shortage of top quality consumer goods at home. With the issuing of passports last year to all Hungarians who do not require visas for visiting Austria, the authorities in Budapest have had to finance visits abroad.

Each Hungarian is allowed the equivalent of 19,000 forints in hard currency spent over three years, a sum seen as the consumer-luxury Magyar who wheel-and-deal back in Budapest to buy their new goods in order to obtain more hard currency to travel to Vienna. Understandably, Viennese shopkeepers were delighted with the business. Last year alone, Hungarians spent more than Sch 6m (863m).

Small Polish entrepreneurs also drive to West Berlin where they load trailers with raw materials and spare parts for their workshops in Poznan and Gdansk.

The growing grassroots commerce links between Poland and West Berlin as well as the spending spree by Hungarians in Austria may well be a harbinger of things to come in a Europe where the East-West division is beginning to look like an anachronism.

New import rules send Hungarians on Viennese spending spree

By Judy Dempsey in Vienna

VIENNA'S BMW drivers stood no chance yesterday against the Hungarian invasion. In their two-stroke East German Trabants, the Magyars hogged the city's ring road, anxious to find Mariahilferstrasse, one of the main shopping thoroughfares. There, 150,000 Magyars splashed out on videos, computers, televisions, washing machines, radios and other household appliances in Europe's most expensive capital.

It was the second incursion in five months. Last November, 100,000 Hungarians chose to celebrate the 1917 Revolution with a spending spree in the West. But yesterday's events came as a surprise. Hungarians are expected to stay at home and celebrate the liberation of 1945. Instead, they rushed across to Austria.

This surge of panic-buying stems from new regulations that the Hungarian authorities are about to slap on imports. From April 3, the amount of duty-free goods Hungarians will be able to bring home has been reduced from 10,000 forints (\$110) to 5,000 forints.

The import tax on certain goods, such as video will rise sharply to 45 per cent. Clearly, the rate at which the Hungarians have been spending hard currency has placed a considerable strain on the country's reserves. Net receipts from tourism have fallen from a surplus of \$698m in 1987 to a deficit of \$36m.

But such is the price of a more liberal travel policy as well as a shortage of top quality consumer goods at home. With the issuing of passports last year to all Hungarians who do not require visas for visiting Austria, the authorities in Budapest have had to finance visits abroad.

Each Hungarian is allowed the equivalent of 19,000 forints in hard currency spent over three years, a sum seen as the consumer-luxury Magyar who wheel-and-deal back in Budapest to buy their new goods in order to obtain more hard currency to travel to Vienna. Understandably, Viennese shopkeepers were delighted with the business. Last year alone, Hungarians spent more than Sch 6m (863m).

Small Polish entrepreneurs also drive to West Berlin where they load trailers with raw materials and spare parts for their workshops in Poznan and Gdansk.

The growing grassroots commerce links between Poland and West Berlin as well as the spending spree by Hungarians in Austria may well be a harbinger of things to come in a Europe where the East-West division is beginning to look like an anachronism.

Small Polish entrepreneurs also drive to West Berlin where they load trailers with raw materials and spare parts for their workshops in Poznan and Gdansk.

The growing grassroots commerce links between Poland and West Berlin as well as the spending spree by Hungarians in Austria may well be a harbinger of things to come in a Europe where the East-West division is beginning to look like an anachronism.

Small Polish entrepreneurs also drive to West Berlin where they load trailers with raw materials and spare parts for their workshops in Poznan and Gdansk.

The growing grassroots commerce links between Poland and West Berlin as well as the spending spree by Hungarians in Austria may well be a harbinger of things to come in a Europe where the East-West division is beginning to look like an anachronism.

The growing grassroots commerce links between Poland and West Berlin as well as the spending spree by Hungarians in Austria may well be a harbinger of things to come in a Europe where the East-West division is beginning to look like an anachronism.

Published by the Financial Times (Europe) Ltd., Frankfurt, London, New York, and elsewhere. Represented by E. Hugo, Frankfurt/Main, and elsewhere. The Financial Times is a member of the Financial Times Group, which includes the Financial Times, the Financial Times Daily, the Financial Times Yearbook, the Financial Times Handbook, the Financial Times Directory, the Financial Times Almanac, the Financial Times Yearbook of International Law, the Financial Times Yearbook of International Tax, the Financial Times Yearbook of International Labor Law, and the Financial Times Yearbook of International Environmental Law. The Financial Times is published daily except on Sundays and public holidays. US subscription rates \$45.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 14 East 57th Street, New York, NY 10022. Financial Times (Scandinavia) Ltd., Copenhagen 44, Denmark.

Creditors reach accord on Iraqi debt repayment

By Andrew Gowers in Baghdad

IRAQ'S major Western creditors have reached a tentative understanding of the terms they are prepared to accept in rescheduling Iraq's wartime debt.

The informal agreement, understood to have been reached at the Paris Club of industrialised countries in January, is designed to prevent Iraq continuing to play its creditors off against one another to obtain favourable rescheduling terms.

It is understood to set a five-year limit for bilateral rescheduling agreements in the absence of a full-scale multilateral rescheduling under the auspices of the Paris Club.

Iraq's total foreign debt is a secret, but Western estimates range upwards from \$55bn. Of this, \$20bn is owed to other Arab countries, principally Saudi Arabia and Kuwait which helped bankroll the Iraqi war effort. These are unlikely to be repaid.

Iraq's debts to developed countries are substantial, with Japan exposed for around \$8bn and France and West Germany possibly owed \$6bn each.

Baghdad has handled the debt burden with considerable skill, negotiating with each creditor to reschedule payments from 1987 on. It has used prospects of post-war reconstruction business to encourage creditors to extend more

money. Creditors appear to have been prompted to form a united front in January by the prospects of further rescheduling negotiations. The grace period of several of Iraq's earlier debts due this year. Payments due during 1988 are estimated at around \$8bn against last year's oil revenue of \$12bn. Iraq is expected to meet some of the required payments in oil.

West Germany has reached agreement with the Iraqi to reschedule DM1.4bn under the Paris Club terms. Italy has resolved outstanding problems, and Turkey is thought to have made a deal.

Iraq has agreed to put 25 per cent of its Japanese oil sales revenues into an escrow account in Tokyo to service its estimated \$2bn-\$3bn owed to the three main Japanese trading houses. Japan is rumoured on the point of another deal to cover other Iraqi debt. But Iraq and France have failed to reach agreement on rescheduling.

Western officials are worried by the scale of Iraq's debt and that Baghdad appears to be postponing payments with no overall agreement in prospect. Some industrialised countries would like to press Iraq to go to the Paris Club, but Baghdad is unlikely to agree as this would entail outside scrutiny of its finances.

US report of nuclear arms capability dismissed

By Andrew Gowers

WESTERN OFFICIALS based in Baghdad have dismissed an American newspaper report that Iraq is on the point of producing nuclear warheads for its growing arsenal of long-range ballistic missiles.

The report, published last week in the Washington Post and attributed to Israeli intelligence sources, said Iraq was making a nuclear warhead for a missile which could reach Israel. Some of the Israeli sources said Iraq was only two years from testing such a warhead, while others said the Iraqi project would need another five years.

The allegation is predictably denied by Iraqi officials. It has caused controversy ahead of this week's talks between Mr Yitzhak Shamir, the Israeli Prime Minister, and President Bush.

Iraq does have what is believed to be a fairly low-level research programme on nuclear energy, and there has

been much speculation that in the long term Baghdad might harbour wider nuclear ambitions. It was concerned over this possibility which prompted Iraq to bomb the Osiraq reactor in 1981.

The Western officials in Baghdad say Iraq has not reacted to that reactor, although its other small experimental nuclear reactor at Salman Pak near Baghdad, is still operating.

The International Atomic Energy Agency conducts regular inspections to ensure that its use is purely peaceful, and diplomats can find no evidence that Iraqi research has yet taken it into more sinister territory.

"We don't have any evidence that they're anywhere near that stage," said one. "It sounds to me like the Israelis are placing a lot of little things together and making too much of it."

Sri Lankan forces on alert ahead of strike

By Mervyn de Silva in Colombo

ALL ARMY and police leave has been cancelled and the security forces placed on "full alert" to cope with a country-wide strike by the ultra-nationalist JVP today.

It is the anniversary of the abortive insurrection of 1971, launched by the JVP against the left-leaning "United Front" of Mrs Sirima Bandaranaike.

The *harta* (strike) is the first major political confrontation between the JVP and the newly elected President Ranasinghe Premadasa.

The JVP has ordered all shops, markets, Mr Tero Bandaranaike, the government minister said bitterly: "Our people are being butchered under the United Nations flag."

keep off the roads. However, it seems to have had second thoughts on its original plan to paralyse the country for one week, ending after the Sinhalese-Tamil New Year on April 19-20.

In its latest appeal, it has merely asked people not to celebrate the New Year in the "traditional fashion" but in a "low key" way, mindful that Sri Lanka is occupied by 50,000 troops of the "Indian imperialist," and that hundreds of young Sinhalese independence fighters are being crushed by the servile pro-Indian Premadasa Government.

Gandhi in bitter attack on opposition

By David Housego in New Delhi

MR Rajiv Gandhi, the Indian Prime Minister, yesterday set the tone for what promises to be a bitter election campaign when he accused the opposition of extending support to those who had been behind the murder of his mother, former Prime Minister Mrs Indira Gandhi.

His remarks came amid continuing noisy scenes in both houses of parliament over the government's refusal to disclose the full contents of the report of the Thakkar commission into Mrs Gandhi's assassination.

In the Upper House, the opposition walked out after the Speaker backed the government's case. At the same time Mr P. Chidambaram, Minister of State for Home Affairs, announced that charges would be brought forward shortly against a few persons involved in a large conspiracy to assassinate Mrs Gandhi.

A newspaper report yesterday claimed that the conspiracy included plans to destabilise the Punjab and cut off the country's lines of communication with Kashmir, the province bordering Pakistan and which is in dispute between the two countries.

Citing unidentified sources, the report in the Indian Post said the plot included "violence and anarchy, the blowing up of bridges and communication networks and hijacking of planes."

Mr Gandhi, in a hard-hitting speech to start the debate in the Congress party, left little doubt that the theme of threats to the nation's unity would be a major element in the party's election campaign.

He said that the assassination of Mrs Gandhi was part of a conspiracy against the integrity of the nation and that it was not an end in itself. Taking up again accusations which caused a storm in Parliament when he made them recently, he charged the opposition with supporting Sikh extremists. He said they had failed to discover one of their leaders whom he had claimed had supported the murderers of his mother.

He also accused them of supplying arms to their officials in non-Congress ruled states and instigating violence. Mr Gandhi's tough speech and the launching of further criminal charges over Mrs Gandhi's assassination, mark the government's first major attempt to regain the offensive after the buffeting it has taken over the Thakkar report.

This accused Mr K.K. Dhanwan, a former assistant of Mrs Gandhi and now a close associate of the Prime Minister, of being behind the assassination. The controversy over the nationally secret report, details of which were first leaked in the press, has revealed rifts within Mr Gandhi's administration.

Mr Gandhi's remarks yesterday suggest he hopes to reverse the tide by playing on the sympathy felt for his mother and restoring the threat of the nation in danger.

Correction

In some editions of the Financial Times yesterday picture of Professor Romano Prodi, president of Italy, and Dr Mahathir Mohamed, Malaysia's Prime Minister, were transposed. The error occurred on the European and Overseas pages of the London edition and the European and first section back page of the international edition.

Aoun presses for end to Lebanon stalemate

Moves are afoot to provoke an international reaction, Lara Marlowe reports

AS the devastating artillery battles in Beirut enter their fourth week, the motives of Christian General Michel Aoun in challenging the Syrian army in an apparently unwinnable military contest are becoming clearer.

Gen Aoun's escalation of the conflict seems calculated to draw international attention back to Lebanon, perhaps in the hope that a Western or international army can once more be induced to take on the role of peacekeepers.

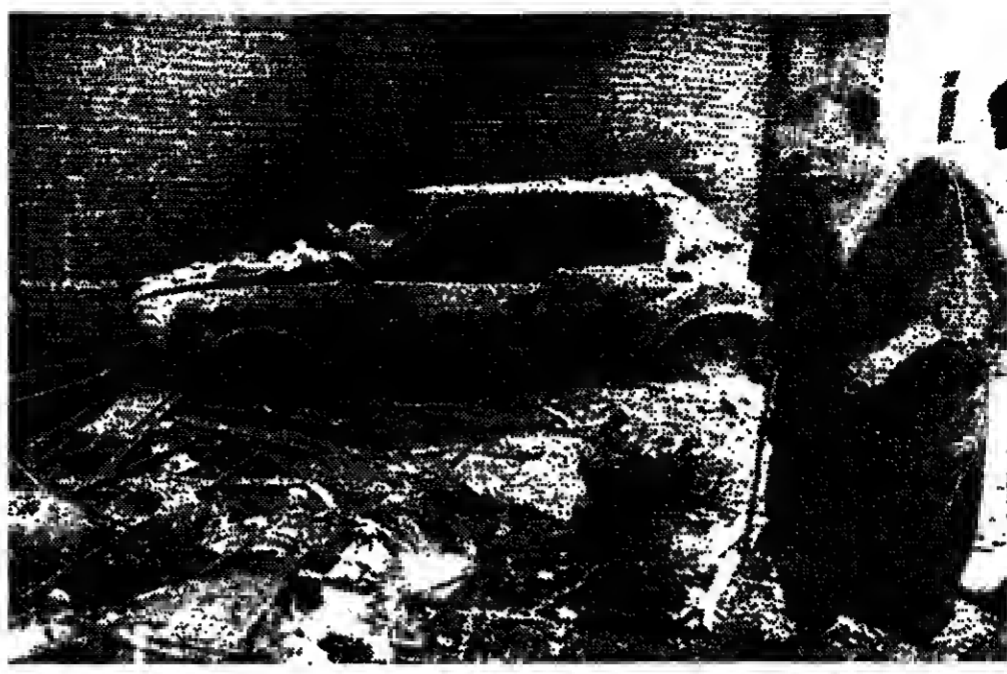
The Arab League, the European Community and the United Nations Security Council have all appealed for an end to the latest fighting in Lebanon, which has killed more than 120 people since mid-March. The French government has confirmed that it is trying to negotiate a truce.

Even with the fragile support of Dr Samir Geagea's Christian militia - which lost a military struggle with Gen Aoun's army in February this year - Lebanon's Christian troops are assisting their Druze and Shia Arab allies.

Despite recent Iraqi military assistance to Dr Geagea's "Lebanese Forces" militia and Gen Aoun's army, the Syrians are more heavily armed and hold the high ground around Beirut from which they can shell Christian areas of the capital at will.

Although the Syrians cannot be driven out, senior Iraqi Foreign Ministry officials do not hide their delight at the predicament of their enemies. When their Christian allies were using Iraqi money and weapons to fight each other in February, Iraq made it clear to both sides that their armaments were intended for use against Syria.

Gen Aoun's assault has caused Damascus considerable embarrassment. Since they entered Lebanon as part of an Arab League peacekeeping force in 1976, the Syrians have



A resident struggles through the wreckage caused by shelling in Christian East Beirut

presented themselves as a deterrent force acting on behalf of the people of Lebanon.

The Syrians have shelled Christian forces in East Beirut before - they bombed the city in 1983 - but they have never altered their publicly stated claim to be there at the request of all or part of the Lebanese government.

The Soviet Union, the French government and those Arab Gulf countries who might be prepared to support the withdrawal of Syrian forces are all putting diplomatic pressure on President Hafez al-Assad's government in Damascus to reach an agreement to cease hostilities.

The pressure to leave Lebanon - coming after Iraq's victory in the Gulf war, decreased Soviet military support for Syria and the resurgence of Palestinian leaders opposed to Syria during the uprising in the Israeli-occupied territories - is a further blow to Syrian

ambitions.

Gen Aoun, who makes no secret of his desire to be president of all Lebanon, stands to gain immense popularity if he can be the instrument of a solution to the stalemate which has left Lebanon with two governments - one Christian and one Muslim - since the abortive presidential election in September.

But it is unclear exactly what the ambitious Gen Aoun hopes to do or what kind of foreign intervention he might be searching for. An immediate withdrawal of Syrian forces is inconceivable. It would be an unacceptable climbdown for President Assad, and could leave Lebanon in even greater chaos than before.

Lebanon's Maronite Christians have historically looked to France for assistance ever since French troops first came to rescue them after the Druze massacred Christians in 1860. Despite the humiliation France has suffered in Lebanon -

both at the end of its mandate and during its participation in the ill-fated multinational force between 1983 and 1984 - the French keep a close interest in the country.

Since Gen Aoun demanded the departure of Syrian troops in mid-March, Lebanese Christians have demonstrated in Paris, in front of the Lebanese Embassy and the French National Assembly, repeating Aoun's insistence that the Syrians leave, and calling on the French government to intervene.

Mr Roland Dumas, French Foreign Minister, met Mr Farouq al-Sharara, the Syrian Foreign Minister, in Paris, and the two men arranged a state visit to France by President Assad.

The increase in Franco-Syrian contacts has been condemned by Mr Francois Leclerc, president of the French conservative Parti Republicain, who has hinted France should come to the rescue of the Christians in the current fight-

Syrian and Christian gunners yesterday continued to pound residential areas in and around Beirut, and the Lebanese electricity authority warned that most of the country would run out of power unless the fighting ended, AP reports from Beirut.

Police said six people were killed and 18 wounded overnight. The casualties raised the toll to 153 people killed and 499 wounded since March 8, when the current round of hostilities broke out between General Michel Aoun's Christian troops and an alliance of Syrian and Druze forces.

The electricity authority said that its generating station in the Christian suburb of Zouk would run out of fuel oil later in the day and it would stop providing power to most of Lebanon.

A freighter loaded with 30 tons of fuel oil has not been able to unload its cargo at the power station's dock due to the shelling.

ing. But if France ever contemplated sending troops back to Beirut - which may be what General Aoun has at the back of his mind - the government would insist on the most stringent conditions to ensure their forces were acceptable to all sides.

More than 50 French soldiers were killed on October 23, 1983. At present, there is only a small French logistics unit at UN headquarters in Naqoura, on the Israeli-Lebanese border, supporting the UN Truce-keeping Force in southern Lebanon. Most nations, including France, would undoubtedly prefer any peacekeeping force sent to Beirut as the result of an eventual agreement to be under UN auspices.

UN peacekeeping forces won the Nobel Peace Prize last year. The UN Truce-keeping Force in Lebanon is the only foreign army there to have avoided involvement in the Lebanese civil war.

Kenya loans worth \$350m under threat

By Julian Ozanne in Nairobi

TWO international loans to Kenya worth approximately \$350m (£206m) have been put in jeopardy following disagreements between the government and the International Monetary Fund and World Bank over the progress of the country's structural adjustment programme.

Western diplomats say that Professor George Saitoti, Kenya's Minister of Finance, who returned from Washington this week, was told by Bank and Fund officials that moves to liberalise the economy, particularly in the field of import licensing, are inadequate. Unless major changes of policy are addressed in the budget next June, say the diplomats, further loans will be

held back.

Disbursement of the second tranche of the World Bank's Industrial Sector Adjustment Credit, due in June and worth about \$50m, has been postponed until the government demonstrates its commitment to automatic unrestricted licensing for imports of strategic agricultural, industrial and medical inputs, and to replacing quantitative restrictions for tariffs on all other goods.

Further action on export promotion and investment incentives are also linked to the loan.

The IMF is insisting on key fiscal reforms to be made this year before Kenya can be considered for a highly concessional Enhanced Structural

Adjustment Facility worth \$222m over three years.

Cuts in public expenditure, particularly in government personnel, and increased revenue through introducing value charges in education and health, are the main conditions.

In the past five years, Kenya has had a better-than-average economic record, but has been passed over twice for an extended structural adjustment loan, an IMF facility which provides for long-term repayments at low interest rates.

Last year, all IMF targets agreed under a Structural Adjustment Facility were successfully met. GDP grew by 5 per cent, inflation averaged

10.4 per cent and the budget deficit goal of 4.5 per cent of GDP is expected to be achieved by the end of the financial year in June as a result of sound fiscal management.

Net domestic credit grew by 7.2 per cent in 1988 and credit to the government decreased by 6.7 per cent. The current account deficit narrowed to 4.6 per cent of GDP.

To meet its balance of payments deficits, the government needs the concessional IMF and World Bank loans and the bilateral donor money which is conditional on implementation of structural adjustment policies. But the government is also sensitive to the political consequences of tough economic policies.

Seoul and Moscow in shipping pact

SOUTH KOREA and the Soviet Union have agreed to open a direct shipping route across the southern Korean port of Pusan and the Soviet Far Eastern ports of Nakhodka and Vostochny, APKD reports from Seoul.

Yesterday's announcement came a day after the Soviet Union opened its first trade office in South Korea, becoming the third Communist country to do so, signalling warmer relations between South Korea and the Eastern bloc.

Hungary and Yugoslavia last year opened trade offices in Seoul and Poland and Bulgaria were expected to open Korean trade offices next month.

The Korea Maritime and Port Administration (KMPA) said documents for the projected direct liner service were signed in Moscow last Wednesday at the end of three days of bilateral talks.

They said Seoul was represented by KMPA's Maritime Transport Bureau chief Choi Jang-hwa, while Moscow was represented by Mr Vagin D. Konilov, director of the Foreign Relations Department of the Soviet Ministry of Merchant Fleet.

KMPA said, however, that both have yet to agree when service will begin and that the issue is expected to be settled in the latter half of this year when both sides are scheduled to meet again in Seoul.

Swapo supporters seek to shift blame for carnage on to the UN

Recent events indicate that the leadership in exile has seriously misread the situation on the ground, Anthony Robinson reports

AS fierce fighting continued yesterday in northern Namibia, and urgent diplomatic moves got under way to arrange a ceasefire, Swapo supporters at home and abroad sought to shift the blame for the massacre of its guerrillas on to the shoulders of the United Nations.

In New York, Mr Theo Ben-Gurion, the Swapo foreign minister said bitterly: "Our people are being butchered under the United Nations flag."

In Windhoek the Namibian Council of Churches claimed: "The South Africans are holding the UN hostage with their scarce tactics of impartiality."

In being blamed for agreeing to the limited re-mobilisation of South African units to counter a 1,200-strong Swapo incursion which Swapo supporters either deny or insist took place only because they were expecting to be met by UN Transition Assistance Group forces who would allow them to assemble at bases in Namibia.

On Kaiser Street, the main thoroughfare of the capital of the former German colony, Swapo supporters lined the road outside UNTAG's tempo-

rary headquarters yesterday, carrying posters which ranged from "We support our heroic Plan fighters" to "Ahtissari, don't be fooled by Piensar".

Mr Martin Ahtissari is the United Nations secretary-general's representative, who is supposed to supervise the process leading to Namibian independence in tandem with Mr Louis Piensar, Pretoria's Administrator-General.

Plan stands for the People's Liberation Army of Namibia, the military wing of the South

West Africa People's Organisation (Swapo), whose incursion over the Angolan border since April 1 has led to the fiercest battles and gravest casualties of the entire 23-year war.

Among the dead were three senior Swapo commandos, police said. Mr Pk Botha, South Africa's Foreign Minister yesterday asks Mr Piensar to urge Mr Ahtissari to place all available UNTAG units on the Angolan border.

The irony is that for years, the United Nations has cham-

ioned the cause of Swapo, calling it the "sole and authentic representative of the Namibian people".

Events over the past few days indicate that Swapo's leadership in exile has seriously misread the situation on the ground.

The price is being paid by some of the estimated 7,500 armed Plan guerrillas who for years have lived in Angolan or Zambian camps, and who are in the thick of the fighting of the past few days.

Nor is all well within the ranks of Plan. There have been reports of mutinies in the camps and executions by Plan's feared security units. In February 1988, Swapo announced it had detained 100 people as suspected South African spies.

A poster issued by the Parents Committee of Namibia, now posted up on many Windhoek walls, asks: "Swapo refuses to name these Namibians. Who are they? Where are they? Are they still alive?"

These are questions likely to haunt Swapo during the election campaign which lies ahead if the peace process can be brought back on track.

They are asked by many of Swapo's former middle-class supporters who have drifted away over the years in frustration at the inflexibility and lack of internal democracy of an organisation which has never held a formal congress, and whose central committee has become little more than a rubber stamp for a small lead-

ership clique.

Formally headed by President Sam Nujoma, effective control of the organisation, dominated by the Ovambo people - the majority tribe - is in the hands of a small group consisting of Mr Hideo Hamutema, the information minister, Peter Maseshe, who holds the key defence portfolio, Dino Amambo, the Plan chief of Staff, and Mr Lucas Pohamba who looks after finances.

Although the scale of the current carnage in the north is unprecedented, and likely to get worse, Plan has been sending several hundred lightly-armed guerrillas south every year to almost certain death at the hands of the South African trained and well-equipped security forces.

"They came every year around the same time along the same bush trails and we killed them in the same places every year," a senior South African officer said at the Oshakati base as he poked with his foot at the pathetic pile of bloodstained uniforms and broken weapons garnered from the killing fields along the border this week.

"But they have always fought bravely and are fighting bravely now." The tragedy is that "if they had waited until May 15, left their weapons behind and come across peacefully as returning refugees, they could have walked across and fought for power peacefully at the elections."

The Plan death toll along the border has already edged up to the 200 level and South African commanders say hundreds more face a similar fate unless Swapo leaders accept the key South African pre-condition for acceptance of an UNTAG-monitored ceasefire.

That condition is Swapo agreement to repatriation to camps in Angola at least 250 kms from the border beyond the 16th Parallel as stipulated in the December 22 peace accord signed in New York.

Until now, Swapo has insisted that its forces should be allowed to remain in UNTAG-monitored camps inside Namibia. The longer it insists on this point, the more its men pinned down in northern Namibia will die.

Guerrilla leaders assess results of bungled operation

LEADERS of the South West Africa People's Organisation (Swapo) were last night assessing the consequences of a political and military operation which ended in disaster, Michael Hoffman writes.

The purpose of the infiltration of 1,200 guerrillas from Angola into Namibia was twofold, say Western diplomats.

They accept the guerrillas had no plans to attack South African forces. Rather, the insurgents intended to gather under what they thought

would be the protective banner of the UN monitoring force.

They would then claim they had emerged from operational bases within the territory - something Swapo has in fact not been able to establish - and enhance their status as an effective guerrilla force.

The second intention, according to informant, was to bury some of their weapons before taking advantage of the UN presence. These would then be available

should the transition process break down. Rhodesian guerrillas adopted this tactic during the 1979-80 transition to independence.

Swapo's defence of the operation, emerging from officials in London, Harare and Lusaka, appears confused and somewhat contradictory.

Some officials continue to maintain the fiction that the guerrillas were well established in northern Namibia, although the report on the fighting submitted to the UN

Security Council makes clear they had infiltrated from Angola.

Swapo officials maintain that the complex documentation surrounding UN Resolution 435, the basis of the territory's settlement plan, provides for assembly of guerrillas within Namibia.

This is correct in theory, but Swapo officials must have known no provision had in fact been made. As a Swapo document issued in London this week puts it: "This issue

was then fudged by senior UN officials and never resolved."

To order the guerrillas to act on the assumption they would receive safe conduct was a misjudgment of the reality on the ground. Further setbacks for Swapo may yet come.

It has been challenged to produce some 70,000 refugees from Namibia, for whom it has received funding from the UN and other bodies. Some reports suggest there may be no more than half this number.

Poland risk

Moscow urged to scrap grain project

IMF/WORLD BANK MEETINGS

The West takes a leap in the dark on debt

Peter Norman and Stephen Fidler analyse the attempt to solve the Third World lending crisis

THE agreement to put the financial muscle of the industrialised world behind cutting the developing world's debt burden is an attempt to put an intractable problem into a virtuous circle.



WASHINGTON '89

lent so much to Latin American debtors in the 1970s, have rebuilt their balance sheets by provisioning against loan losses and increasing capital.

heavily indebted, mainly Latin American countries had increased by 17 per cent since 1982 while the exposure of creditor governments and international institutions like the IMF had risen 107 per cent.

emerged as an enthusiastic collaborator with the US, and is already working on technical details with the World Bank.

express deep reservations, contending they are being used as instruments of US foreign policy.

Another question is whether what is on offer will be enough to induce banks to swap debt for bonds offering either lower interest or a reduction in principal.

Table with columns: Country, Amount (\$bn), Proportion of debt (%). Rows include Bolivia, Philippines, Argentina, Chile, Brazil, Mexico.

IMF DIARY Gapology - jargon that makes the jaw drop

Wholly puzzling: Gapology is the latest and possibly ugliest word to try to make its way into international monetary jargon.

Bérégovoy speaks out on the dollar

By Peter Riddell

THE finance ministers and central bank governors of the Group of Seven industrial nations believe it is better if the dollar does not go up.

"You should not ask a socialist to assess market reaction, but it is a wise reaction."



Pierre Bérégovoy, dollar should not be erratic

Year-end target set for decision on quotas

By Peter Riddell, US Editor, in Washington

THE policy-making Interim Committee of the International Monetary Fund yesterday set a target of the end of this year for deciding on an increase in IMF quotas.

argued strongly on Monday that Japan's quota share, the fifth largest, does not reflect its economic position.

Mr Pierre Bérégovoy, the French Finance Minister, remarked yesterday that he did not know how it would work out except that France would remain number four.

als are careful to stress that for them the quota question is "not driven by the debt factor."

Shamir vows to fend off US pressure on Israel

By Lionel Barber in Washington

MR Yitzhak Shamir, the Israeli Prime Minister, declaring himself "immune to pressure", arrived in the US yesterday at the start of a 10-day tour which will include a meeting tomorrow at the White House with President Bush.

Mr Shamir, 73, indicated his displeasure at Mr Bush's call this week for an end to the Israeli occupation of the West Bank and Gaza and a "properly structured" international peace conference.

Venezuela to withdraw subsidies on exchange

By Joe Mann in Caracas

MS EGGLEE ITURBE, Venezuela's Minister of Finance, said in an interview yesterday the Central Bank would no longer provide foreign currency at subsidised exchange rates to cover interest and principal payments on Venezuela's private sector foreign debt.

Mulroney to tackle unemployment insurance scheme

By David Owen in Toronto

CANADA'S much-criticised unemployment insurance programme is to be restructured during the second term of Mr Brian Mulroney's Government to place more emphasis on training and employment incentives.

expected later this month. In a broad-ranging address, which devoted much attention to environmental matters, the Government confirmed that it would push ahead with a series of measures to improve the unemployment insurance scheme.

On the deficit, the Government described further progress as "a vital necessity if Canada's economic well-being is to be secured."

age of Gross National Product is one of the highest among major industrialised countries.

Fund also predicted Canada's balance of payments deficit would worsen over the next two years as its export-based economy cooled down.

Washington strengthens airport security measures

By Lionel Barber

THE US has unveiled strengthened measures to improve security at international airports but it intends to maintain its policy of not publishing terrorist threats to airlines.

security threats were counter-productive and hampered effective intelligence work against terrorists.

Argentina awaits devaluation of austral

By Gary Mead in Buenos Aires

Banks re-opened in Argentina yesterday but foreign exchange dealing remained suspended for the second consecutive day as the country awaited confirmation of a devaluation of the austral.

Avril permits leaders of failed coup to leave Haiti

By two Dawney in Rio de Janeiro

HAITI'S military government, which survived a coup attempt on Sunday, has allowed the leaders of the uprising to leave for the US, the government said yesterday.

High interest rate policy lifts Brazil's debt costs

By two Dawney in Rio de Janeiro

BRAZIL'S high interest rate policy has massively raised the cost of servicing its escalating external debt, forcing the Government to abandon its ambitious goal of balancing its budget this year.

Ford disciplines staff over gifts from supplier

By Nick Garnett

SEVERAL employees of Ford in the US have been disciplined by the company for accepting excessive gratuities from a major equipment supplier.

Avril permits leaders of failed coup to leave Haiti

By two Dawney in Rio de Janeiro

return to a normal situation, has in a wagsman's gesture authorised ex-officers Philippe Blainy, Leonce Colles and Himmler Rebus to leave Haiti," it said.

Lamb, based in Warren, Michigan, was bought in 1987 by Litton Industries. Previously it was a private company.

ST DIARY
 apology
 argon the
 makes the
 aw drop



NOBODY SELLS A VOLVO FASTER THAN A VOLVO OWNER.

Mr. Maddox in our top picture is a farmer. Since April 1967 he and his wife have owned a Volvo 121 estate.

To date, it's covered 310,000 miles on its original engine. (Though there was a re-bore at 134,000 miles.) The car has carried children, dogs, sheep and regularly pulled a trailer.

Mr. Ibbotson in our middle picture doesn't need a trailer.

He regularly packs his theatre, props and puppets into the back of a Volvo 240 estate.

He's been driving Volvos since 1979 and he and

his wife take their puppet show to schools all over the North of England.

"The children," he says, "are very surprised when a theatre disappears into a Volvo."

Mr. Jackson in our bottom picture wouldn't be at all surprised.

He runs a garden furniture business that specialises in dovecotes.

His Volvo 240 estate has notched up 220,000 miles on its original engine.

Mr. Jackson bought it from a seed merchant who used the car to pull a one-ton trailer full of feed grain.

All of which goes to show - the best Volvo advertisements are written behind the steering wheel, not the typewriter.

To: Volvo Concessionaires, Springfield House, Princess Street, Bristol BS3 4EF. For a brochure, phone 0800 400 430 free, or post the coupon. 8078-05-B-14.

Mr/Mrs/Miss _____

Address _____

Postcode _____

Tel: _____

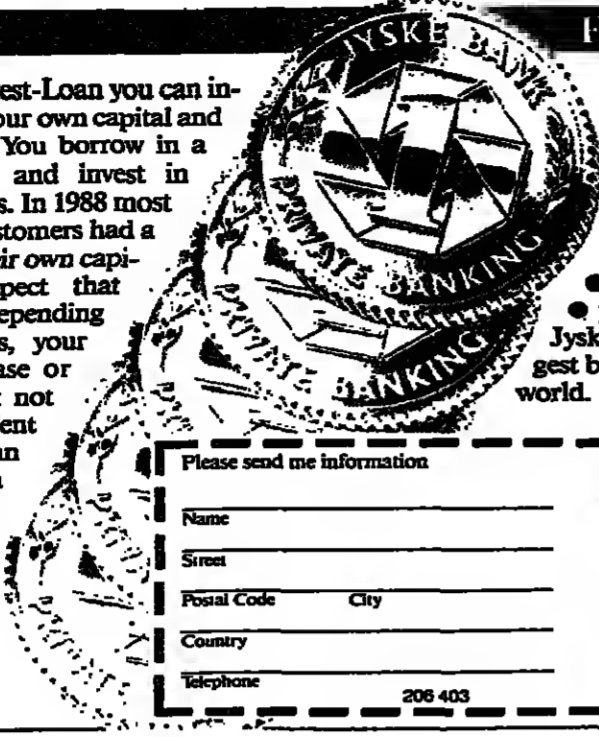
VOLVO ESTATES FROM £11,795.

ASK YOUR VOLVO DEALER ABOUT VOLVO LIFETIME CARE. THE VOLVO ESTATES FROM £11,795 TO £24,200 INCLUDING CAR TAX & VAT (EXCLUDING STANDARD NATIONAL DELIVERY CHARGE £165, INC. VAT). PRICES CORRECT AT TIME OF GOING TO PRESS. FOR CUSTOMER INFORMATION TELEPHONE: IPSWICH (0473) 270270.

Increase your yield through Private Banking

Invest-Loan

With Jyske Bank's Invest-Loan you can invest up to four times your own capital and increase your return. You borrow in a low-interest currency and invest in high-interest currencies. In 1988 most of our Invest-Loan customers had a 30-40% return on their own capital. You cannot expect that return every year. Depending on market conditions, your final yield will increase or decrease so you must not be financially dependent on it. The Invest-Loan is to be regarded as a long-term investment.



Fixed-Term Accounts

You can choose between 14 different types of fixed-term accounts in various currencies. You will enjoy the following:
 ● no tax liability in Denmark
 ● low charges
 ● favourable exchange rates
 ● professional service
 Jyske Bank is one of Denmark's largest banks with customers all over the world.

Please send me information

Name

Street

Post Code City

Country

Telephone

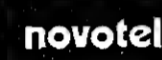


Jyske Bank, Private Banking (International)
 Vestergade 9,
 DK-1501 Copenhagen V,
 Denmark.
 Tel: +45 1 21 22 22

It's attention to detail

like providing the Financial Times to business clients, that makes a great hotel chain. Complimentary copies of the Financial Times are available to guests staying at the Novotel Sophia Antipolis, the Novotel Nice Cap 3000, the Novotel Strasbourg Sud, the Novotel Paris Les Halles and the Novotel Toulouse Centre.

FINANCIAL TIMES
 EUROPE'S BUSINESS NEWSPAPER



Travelling by air on business?

Enjoy reading your complimentary copy of the Financial Times when you are travelling on scheduled flights from...

... AMSTERDAM
 with British Airways, British Midland, Canadian Pacific Air, Finnair, KLM, Lufthansa, Pan-Am, SAS, Singapore Airlines, Thai Airways International, Transavia

... ROTTERDAM
 with NLM



The language of international business isn't English... it's the language of your customer.

Prepare for 1992 now.

Communicate in your customer's language and call Berlitz today on:

- 01-580 6482 London
- 021-643 4334 Birmingham
- 031-226 7198 Edinburgh
- 061-228 3607 Manchester
- 0532-435536 Leeds

FAST AND EFFECTIVE
 Courses are tailor-made to meet the particular needs and schedules of both you and your company.

VISA LOCAL CURRENCY, 24 HOURS A DAY AROUND THE WORLD.



Hong Kong

When you travel abroad you can use your Visa Card to get local currency at the touch of a button.*

Visa's cash dispenser network is the largest in the world with 14,000 conveniently situated in Europe alone.

When you're short of cash just look for a machine with the Visa sign.



*If you do not yet have your Personal Identification Number, call your Visa Bank.

ALL YOU NEED

WORLD TRADE NEWS

Norwegian ship magnate places \$700m orders

By Karen Fossall in Oslo

MR JOHN FREDRIKSEN, the elusive Norwegian shipping magnate whose enormous success and wealth have been built from buying and selling commercial vessels "at the right time", has placed orders worth around \$700m with shipyards around the world.

Mr Morten Kristiansen, managing director of Oslo-based SeaTeam, a member of the Fredriksen group of companies, said yesterday the orders are for a mix of crude tankers, product tankers and chemical/gas carriers.

Mr Kristiansen said the shipping industry will hit new peaks in the 1990s. By placing contracts now, the Fredriksen group of companies will be prepared to meet the requirements of the industry's upsurge without being "caught out" by a lack of worldwide shipbuilding capacity, he said.

Mr Kristiansen said the orders were placed by Cyprus-based Sea Tankers Management, one of Mr Fredriksen's many companies, but he refused to be drawn on details

of the financing arrangements. All he would say was that Bankers Trust of London was Mr Fredriksen's banker.

Most of the orders have associated purchase options for additional vessels while others are new building contracts originally placed by other companies but taken over by companies controlled by Mr Fredriksen.

According to Mr Kristiansen the orders comprise: three 270,000 dwt VLCCs from Japan's Hitachi yard for delivery in 1990-1991, valued at about \$210m; two 290,000 dwt VLCCs from an unnamed South Korean shipyard for delivery in 1990-1991, worth around \$160m; two 140,000 dwt Suezmax tankers, which have a maximum crude oil carrying capacity of 1m barrels, from an unnamed yard in Spain, valued at about \$100m.

In addition Mr Fredriksen is ordering two 60,000 dwt OBO combo-carriers to Broevig, another Norwegian shipping interest, for over \$110m. Last month an additional OBO was bought from Fredriksen by Broevig for about \$14.5m.

from the Yugoslavian Mosor yard, valued at \$75m; two sophisticated chemical/gas carriers each with capacity of 12,000 cubic metres, valued at about \$100m.

Little is known in detail about Mr Fredriksen's business interests. He lives anonymously and trades in industrial ship tonnage through business associates within his group who work on his behalf. He is said to own one of the largest and most modern fleets of industrial ships in the world and to maintain excellent relations with several of the world's largest oil companies.

At the turn of the year he sold eight sophisticated chemical carriers for \$200m to Stena, a Norwegian shipping company owned by the Odell shipping group. These ships will be managed by the Odell/Westfall Larsen shipping pool.

In addition, he sold six so-called OBO combo-carriers to Broevig, another Norwegian shipping interest, for over \$110m. Last month an additional OBO was bought from Fredriksen by Broevig for about \$14.5m.

Gatt talks depend on quick farm aid freeze

By William Dufforce and Peter Montagnon in Geneva

DIFFERENCES over how to apply an immediate measure of agricultural support have become the main focus of concern at the resumed Uruguay Round trade talks which reopen formally in Geneva today.

Delegates said there is now a growing convergence on long-term goals for world farm reform, but the need to back this up with an immediate freeze on government support poses technical problems on which the European Community and the US are still far apart. "We are sitting on different branches of the tree," said one European official yesterday.

The EC is insisting on the use of an aggregate measure of agricultural support as a yardstick for an overall limit to support while the US, backed by the 13-nation Cairns group of independent farm producers, wants the freeze to apply specifically and individually to each commodity.

Delegates said agreement on agriculture is vital to get the Uruguay Round of multilateral trade talks, stalled since last December's Montreal trade ministers meeting, back on the rails.

Intense difficulties are also looming over intellectual property rights and textiles, but it is openly acknowledged farm reform is the key to consensus on a complete package.

US refusal to submit its set-aside programme, under which farmers are paid to take land out of production, to the freeze poses a further difficulty.

Last year Washington reduced its strategic grain reserves by 40 per cent, to provide food aid for people in famine areas and "we need to know what the crop will be this year before we can decide on set-aside", the official said.

In a compromise proposal, aimed at satisfying the hard-line Cairns group, the EC has offered to accept further unspecified "cutbacks in farm protection levels in 1990, when countries would be free to choose which of the two measuring instruments they would use."

The only major issues still separating the EC from the US countries over long-term reform are the Community's insistence that it be allowed to "rebalance" reductions in support on some commodities by increased protection for others and the US demand for farm trade barriers to be converted into tariffs.

Delegates said they thought a compromise on these issues was possible this week, but another hurdle has to be taken over intellectual property rights (IPR), where the US is at loggerheads with a group of developing countries, led by Brazil and India.

Washington wants a clear commitment from everyone to negotiate an IPR protection agreement based on solid principles and enforcement practices. Brazil and India are maintaining their stand that Gatt is the wrong forum to handle IPR.

Coca-Cola sweetener for India

By David Housego in New Delhi

COCA-COLA, the US soft drink group, is sweetening its controversial proposal for a new manufacturing plant in India with an offer to assist India's balance of payments through further exports.

The group announced yesterday that it had placed a \$1.24m (\$729,000) order with an Indian company for bottles to be supplied to its Bangladesh operation in exchange for the right by the Indian government over Coca Cola's manufacturing proposal.

"We have done this as a gesture of good faith," said Mr Stuart Eastwood, Coca-Cola's director of business development for the region. The company was considering a range of other purchases from India, including coolers, dispensers, fruit pulp and garments.

A decision on the Coca-Cola proposal is hanging fire because of strong opposition from some members of the Indian government. It is also being fought by PepsiCo which was forced to make a far more costly \$15m agro-business investment to gain access to the Indian market.

Coca-Cola, which wound up its operations in India in 1973, is seeking to come back through a \$2m fully-owned investment in a manufacturing plant in the Noida export processing zone outside Delhi.

Under current Indian regulations, Coca-Cola would be allowed to sell about 25 per cent of the concentrate - worth about Rs20m over five years - on the local market. Other soft-drink manufacturers believe this could give Coca-

Cola 10 per cent of the Indian soft drink market.

While the Commerce Ministry wants to approve the Coca-Cola proposal, the Industry Ministry and others see it as an abuse of the export processing zone regulations.

PepsiCo, which initially threatened to halt its own venture because of what it considered unfair advantages to Coca-Cola, has now proposed setting up a fully-owned Rs72m facility of its own in another export zone.

Coca-Cola hopes its export offer will help tip the balance with the Indian government. However PepsiCo says that it will be making Rs200m-worth of exports from India this year of tea spices, shrimps and seeds, even before its agro-business becomes operational.

HK orders 8 Sikorsky helicopters

THE Hong Kong government has placed a \$54m order with Sikorsky Aircraft, part of United Technologies, for eight S-76 helicopters to be used by the colony's Auxiliary Air Force, John Elliott reports from Hong Kong.

The order includes five general purpose helicopters and three search and rescue variants plus an option for four general purpose aircraft.

This will strengthen the Auxiliary Air Force's role and enable it to take over some duties at present carried out by the British Army and Royal Air Force whose activities are to be run down to advance of Hong Kong reverting to Chinese sovereignty in 1997. They will arrive between 1990 and 1992 and will replace three existing Dauphin helicopters.

World Bank approval for UK-backed venture

THE World Bank has approved finance for a \$335m (£195m) water supply and sewerage project in Karachi which could become the first contract to be financed jointly with the UK Government.

Under the 1986 co-financing agreement, the Government planned to contribute aid money to World Bank projects in developing countries, with the aim of encouraging UK companies to bid for more lucrative World Bank contracts. Although contracts still have to be subjected to international competitive bidding, additional orders for Britain could amount to \$200m.

The World Bank will provide \$125m for the Karachi project, through soft-loan affiliate the International Development Association. Britain's Overseas

Development Administration is offering a total of £7.7m.

Part of the ODA funds, amounting to £1.5m, have been earmarked for technical co-operation work through consultants Sir Murdoch MacDonald and Partners and Balfour Beatty. Businessmen believe their involvement could boost UK suppliers' chances of winning business.

The remainder is in the form of a grant of \$8.2m, intended to soften the terms of a loan from the Commonwealth Development Corporation.

The Government of Pakistan has accepted the idea of co-financing, but a remaining hurdle is thought to be commercial negotiations between members of a UK consortium led by Fortals Water Treatment for work on the project.

South Korea cleans up its image Maggie Ford in Seoul on preparations for the challenge of 1992

THE SPECTRE of fortress Europe after 1992 is forcing South Korean policymakers to re-evaluate their international trade strategy and to consider changing the country's image.

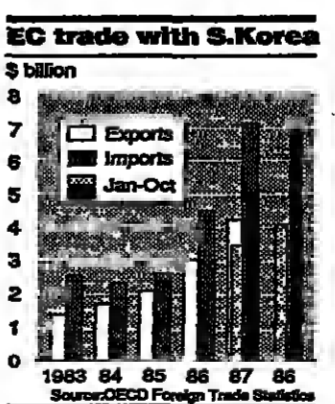
Long used to dealing with trade disputes in the US, where lobbying individual Congressmen representing interest groups is often the key to success, Seoul officials have been shocked by a continuing stream of anti-dumping suits emanating from the apparently monolithic European Commission.

Unfamiliarity with the institution and with the various national and sectoral interests involved, has led to a number of mistakes in dealing with the EC, business executives heard at a recent seminar in Seoul.

The executives listened in silence as speakers from the UK law firm Sinclair, Roche and Temperley spelled out the almost unlimited powers held by the Commission to restrict imports and force compliance with investment rules, sometimes in quite arbitrary ways.

Warned that they were unlikely to be helped by recourse to the law, the exporters were advised that much more sophisticated action is required by companies and government in South Korea if they are to avoid future action against them.

The law firm advised the South Koreans to co-operate fully with the EC on presenting financial information on a dumping complaint, and to try to prove that even if imports were landed at dumped prices, there was no injury to Community producers.



be seen churning out semiconductors or computers. The tour may be accompanied by a professionally produced video detailing the company's huge expansion, its dozens of subsidiaries and the breadth of its industrial involvement.

Whisked from luxury hotel to skyscraper offices to smart restaurant by chauffeur-driven locally-made car, the visitor will certainly be impressed by South Korea's economic progress. But he may also feel that this industrial powerhouse is a potential threat which must be closely watched.

South Korean officials would, however, have no difficulty in showing visitors the country's dark side, inevitable when per capita gross national product is well below that of Japan, for example.

Seoul has its share of shanty dwellers and an increasing problem of urban and rural poverty, homelessness and overcrowding, mainly because the country has devoted so many resources to industrial development at the expense of meeting social needs.

But officials face a political problem in their efforts to show a more balanced picture of the country to Europeans. For 40 years South Korea has been engaged in an international diplomatic competition with communist North Korea, focusing on whose system is best.

As a result, the Seoul Government has made strong efforts to stop foreign journalists writing unflattering articles about the country and to hide bad points from foreigners, lest its international

image deteriorate.

One Foreign Ministry official also pointed out that if the less successful aspects of the South were highlighted, this would simply provide an opportunity for the North to use the material as anti-South propaganda.

The move towards democracy in South Korea, along with foreign trade pressure, has forced the Government to moderate its export drive policy and focus on domestic development, a change which is now showing up in lower trade surpluses.

It is also opening and liberalising its market more quickly and at an earlier stage than Japan did. Growing signs of a thaw in relations between North and South Korea may reduce the historical political problem.

But until South Koreans, both at official and personal level, realise that excessive pride in their undoubted achievements is creating a counterproductive impression abroad, a more balanced picture of the nation will not emerge.

The result is likely to be the continuous application of unrelenting trade pressure, of a kind which Seoul has experienced - and in many cases successfully fought off - for several years from Washington.

Now the pressure is coming from Europe, shortly to become the world's biggest market and one which South Korea has only just started to penetrate. Seoul officials and businessmen are beginning to realise just how ill-equipped they are to resist.

AN OPEN LETTER TO THE PUBLIC

On March 24, in the early morning hours, a disastrous accident happened in the waters of Prince William Sound, Alaska. By now you all know that our tanker, the Exxon Valdez, hit a submerged reef and lost 240,000 barrels of oil into the waters of the Sound.

We believe that Exxon has moved swiftly and competently to minimize the effect this oil will have on the environment, fish and other wildlife. Further, I hope that you know we have already committed several hundred people to work on the cleanup. We also will meet our obligations to all those who have suffered damage from the spill.

Finally, and most importantly, I want to tell you how sorry I am that this accident took place. We at Exxon are especially sympathetic to the residents of Valdez and the people of the State of Alaska. We cannot, of course, undo what has been done. But I can assure you that since March 24, the accident has been receiving our full attention and will continue to do so.


L. G. Rawl
Chairman



JOBS

Why applicants do best to state their pay

By Michael Dixon

THE ULTIMATE in risk-aversion is to commit suicide to make certain of not being murdered. And sad though it be to say so, upwards of three dozen of this column's readers in four countries are evidently edging towards that terminal mentality. They are among the nearly 150 of you who have responded to my sermon eight weeks ago urging job-seekers to be considerate to recruiters by ensuring that their applications are free from careless errors or other interest-killing faults. Most of the responses fall into one of two categories. The first and bigger consists of seething would-be recruits who see no reason to pander to recruiters when most of those they contact send back only a mass-produced letter declaring them "unsuitable" if bothering to reply at all. The second group consists of recruiters likewise convinced that people on the other side of the jobs market are mostly not only stupid but arrogant to boot. "Does it never dawn on them, before they complain of getting no answers to their applications, that the Post Office may not have delivered them in the first place?" shorts one.

But the aforesaid three-dozen-plus are different. Instead of just letting off steam, they seek to clear the air by disputing a particular claim made in my homily of February 8. It was that job-applicants should always state the applicant's most recent pay level. The objections the 38 make to that claim are typified by the arguments of a reader in the United States who says that disclosure of salaries should be governed by tit-for-tat. If the recruiter states a pay figure for the job on offer, then applicants should state their pay in return. But if the recruiter fails to give a figure, it must be assumed that the pay is open to negotiation. In which case applicants who initially disclose their earnings are giving up a bargaining counter to the other side. So when answering an advertisement stating merely that pay for the prospective job is in line with its duties, applicants should just say their pay is (or is not) in line with their current duties. Now, I've no doubt that recruiters who are smugly reticent about such key details deserve to be repaid in their own gimcrack coin. Moreover, if every applicant did as the US-based reader suggests, and employers learned the lesson, they would benefit. For a survey of over 1,000 job-seekers

which was made last year by Price Waterhouse found that 64 per cent were unlikely to reply to any advertisement falling to cite a pay figure. The trouble is that not only are recruiters evidently slow to learn but, from what they tell me, the great bulk of applications not stating current earnings are binned instantly. So applicants who judge the pay issue give themselves an even smaller chance of getting the job than employers who do the same have of attracting the best candidate available. Since it is futile to hang onto a bargaining counter at the cost of being excluded from the game altogether, I stick to my original claim.

The table

ALONGSIDE, for the 15th successive year, appear the latest indicators of managers' pay in Britain from the regular surveys made by the Reward consultancy. The most recent study covered over 1,000 widely assorted companies. Anyone wanting the full report should contact Bill Coulter at Reward House, Diamond Way, Stone, Staffordshire ST15 6SD; tel 0783 613560, fax 0783 817007. My table refers only to managers ranked directly below board-level. The first

Rank One - Most senior executive below rank of director in:	LOWER QUARTILE		MEDIAN		UPPER QUARTILE	
	Basic salary	Total reward	Basic salary	Total reward	Basic salary	Total reward
	£	£	£	£	£	£
General management	22,000	22,380	26,000	27,500	(24,688)	(26,025)
Legal advice	23,482	23,775	28,537	28,537	(25,824)	(25,875)
Company secretariat	21,000	21,320	24,076	26,189	(21,000)	(22,025)
Scientific department	20,153	20,153	22,785	22,985	(22,266)	(23,243)
Advertising & PR	20,558	20,558	27,843	28,400	(24,250)	(25,500)
Finance & accounting	20,868	21,840	24,370	25,000	(22,022)	(23,000)
Marketing	20,000	20,488	23,742	24,700	(21,842)	(22,910)
Personnel	18,800	20,250	23,000	23,500	(20,244)	(21,200)
Data processing	18,000	18,396	22,968	23,410	(21,000)	(21,088)
Management services	17,875	18,500	21,330	21,800	(18,632)	(19,180)
Sales	18,176	18,986	22,025	23,180	(20,000)	(21,800)
Administration	18,913	22,025	22,000	22,343	(20,000)	(20,174)
Distribution	18,556	18,958	21,418	22,374	(19,386)	(20,360)
Research & development	17,542	18,000	21,400	21,900	(20,000)	(20,448)
Engineering	18,000	18,344	21,458	21,601	(19,875)	(19,335)
Purchasing	18,492	18,000	21,000	21,601	(19,075)	(19,215)
Production	17,250	17,582	20,417	20,763	(18,477)	(19,070)
Quality assurance	16,425	16,832	20,054	20,404	(18,557)	(19,172)
Surveying/architecture	18,000	18,000	18,000	18,000	(18,389)	(18,389)
All Rank-One managers	18,026	18,234	21,000	21,601	(19,075)	(20,000)

* In small companies could rank as director, otherwise reporting directly to board-member.

pair of columns of figures give the basic salary then the total money rewards - including bonuses but not pensions or the value of in-kind perks like cars - of the lower quartile person who would come a quarter way up from the bottom of a ranking of all in the same job category. The next four columns relate to the median manager half-way in the

ranking, and besides the new figures give those from 12 months before. The final pair give the 1989 results for the upper quartile person quarter way down the ranking. To compensate for time gone by since the data was gathered, all figures should be increased by 2 per cent. Regional variations from the overall median of £22,400 were: Higher - London by

16.3 per cent, South-east England by 4.8, and Scotland by 4.1. Lower - North-west by 3.9 per cent, North-east by 3.6, Eastern Counties and South-west by 10.7, and West Midlands by 14. Variations by company sales were: Higher - over £100m by 20.4 per cent, £40m-£100m by 7.1. Lower - £15m-£40m by 2.0, £5m-£15m by 9.0, up to £5m by 14.3.

Corporate Banking

We recruit bankers to work in a wide variety of financial institutions. We seek to fill existing vacancies in:

- Corporate Marketing
- Property Finance
- Asset Finance
- Credit Analysis

Candidates with 2-3 years' experience in any of these fields should contact Mark Hartborne or Niall Macnaughton on 01-831 2000 or write enclosing full career details to Michael Page City, 39-41 Parker Street, London WC2B 5HL.



Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

CORPORATE FINANCE

UK MERCHANT BANK

c. £30,000+ Car + Benefits

We are currently recruiting for a highly respected UK merchant bank which is a leader in the field. Exciting opportunities exist for several executives to join its corporate finance department. Successful candidates will gain exposure to all aspects of corporate finance activity, including LBO/MBOs, floatations and company advice.

You will be a recently qualified graduate ACA with an impeccable academic track record and a strong commitment to succeed in a competitive environment. Previous corporate finance experience is not essential. Language skills would be an added advantage.

SMALL TEAM EXECUTIVE

Package c. £30,000

Our client, the reputable stockbroking arm of a European banking group, is seeking an executive to join one of its specialist corporate finance units. Working in a small, but highly active team, candidates will be exposed to a wide range of Stock Exchange transactions, including full listings and rights issues. You will be targeting a mix of small and medium-sized companies.

Applicants, either graduate qualified chartered accountants or UK admitted solicitors, should have a good academic background, and preferably some investigations or advisory experience. Strong interpersonal skills and confidence are prerequisites.

For further details of the above positions please contact Jon Michel or Katherine Seymour on 01-233 0073, (day) or 01-233 0033 (evenings and weekends).

16-18 NEW BRIDGE STREET, LONDON EC4V 6AU

BADENOCH & CLARK

RECRUITMENT SPECIALISTS

SHIPPING COMPANY ANALYST

An experienced analyst is required to join our shipping investment team in London. Existing knowledge of the shipping industry is an advantage, and applicants will be experienced in company analysis in general.

GPI is the exclusive adviser to several international investment companies controlling substantial funds and continuing expansion is envisaged.

Salary will be commensurate with the experience of the applicant and the position includes the usual fringe benefits and an attractive incentive scheme.

Applications in confidence to: *Tim Lowry*

Gyllenhammar & Partners
International Ltd
3 Dean Trench Street
London SW1P 3HB

or Telephone: 01-222 8151

CJA RECRUITMENT CONSULTANTS GROUP

3 London Wall Buildings, London Wall, London EC2M 8PJ
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

CJRA ANALYST - GERMAN EQUITIES

£25,000 - £55,000 + BENEFITS

INTERNATIONAL SECURITIES HOUSE WITH GLOBAL CLIENT BASE

We invite applications from investment analysts with at least two years' experience in the German equity markets gained with a major broker or financial institution.

In addition to undertaking client research based on the German stock market, you will be required to provide an advisory service to the Corporate Finance Division.

Essential requirements are fluency in German, a thorough multi-sector knowledge of the German equity markets and an in-depth understanding of the German economy. Motivation and well-developed communication skills are equally important.

Initial salary negotiable, consisting of high base salary and performance related bonus, in the range of £25,000-£55,000 together with other benefits including a non-contributory pension, mortgage subsidy, private health care scheme and low interest loans.

* Applications in strict confidence under reference EA2210/FT will be forwarded unopened to our client. If there are any companies to whom you do not wish your details to be sent, these should be listed separately in a covering letter and the envelope marked for the attention of the Security Manager: CJA.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 8PJ. TELEPHONE 01-588 3588 OR 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

Securities Lawyer

c.£80,000 package
City

As one of the fastest growing and most successful broking firms, our client has also developed a reputation for innovation and professionalism. As a result their rating is second to none. With offices throughout the world, they now seek a lawyer to be based at their headquarters in London.

This position will call for innovation and input from the outset in the development of futures, options and synthetics. Whilst you will be advising on the legal aspects across various derivative markets, your overall contribution within a dynamic team environment will be particularly important.

Candidates will ideally come from a major financial institution, or possibly from a City legal firm where a thorough understanding of financial instruments and their commercial application has been gained.

The package will comprise a generous base salary and a very significant bonus scheme.

Those wishing to discuss this position in confidence should telephone Hannah Hunt on 01-334 5194. Alternatively, please send a CV quoting reference number MCS/6131 to her at Executive Selection Division, Price Waterhouse Management Consultants, No. 1 London Bridge, London SE1 9QL.

Price Waterhouse

DEALERS PAGE THE ORACLE ON 675

WE CAN TELL YOU WHAT YOU CAN DO!

Get the best of advice and savings from our experts, and which career will give you most satisfaction. Find out at our 199 who you really can do.

Free brochures:

- CAREER ANALYSTS
- 20 Occupational Profiles
- 20 Occupational Profiles
- 20 Occupational Profiles

EC Consultancy seeks TEAM MEMBER

for EC monitoring and client reporting. Excellent writing skills in English, fluent French. Experience in similar position essential. Apply with CV to: EC Consultancy, 7040 Brussels, Belgium.

Spanish speaking Account Executive required for expanding Commodity Broker.

Write Box A1193, Financial Times, One Southwark Bridge, London SE1 9UL.

Quantitative Analyst

- PRUDENTIAL-BACHE is seeking to recruit a Quantitative Analyst to its expanding European Research Department. This is a new position, aimed at extending and adapting the firm's highly regarded US quantitative research into European equity markets.
- London-based, the analyst will work closely with our international strategy team and our quantitative analysts abroad. In addition to developing the statistical analysis, the job will require writing regular reports about the system's recommendations.
- Candidates should have a good first degree in a statistics-related area. Experience in quantitative research through work or post-graduate study would be an advantage. Knowledge of stock markets and/or accounting would be additional plus factors.
- Please write, enclosing your CV, to Mr Richard Snyder, Director of European Research, Prudential-Bache Capital Funding, 9 Devonshire Square, London EC2M 4HF.

Prudential-Bache Capital Funding

Prudential-Bache Capital Funding (Equities) Limited
Member of The Securities Association
Member of The International Stock Exchange

SWAPS BROKERS

INTEREST-RATE CURRENCY SWAPS

THE CLIENT

A major London based moneybroker, whose Capital Markets Division has been established for several years. Their major specialisation is in 'off balance sheet' instruments.

THE REQUIREMENT

An experienced Interest Rate and Currency SWAPS Broker holding established Relationships within Banking or Corporate Clients. Geographically your clients will be French, Dutch, Benelux, German, Swiss and/or Eastern European. Fluency in English and at least one other major European language is an essential.

THE OPPORTUNITY

The package offered to the successful applicant will be competitive and reflect the commitment of the house to developing the strongest European Team.

Interested applicants should contact: Sean Lord on 01-439-1186 or write to him at

The Rathbone Consultancy
Premier House, 77 Oxford St, London W1R 1RB, England

Ashbourne Finance Plc

25 Berkeley Square, London W1X 5EB

GENERAL MANAGER

CENTRAL LONDON c. £40,000+

We are a young, rapidly expanding Financial Services Group based in the West End and we are looking for an experienced manager to control and develop the mortgage and commercial broking arms of our group. You need to have experience, good technical knowledge, strong management skills and proven sales ability. You are over 30 and wish to earn at least £40,000 per annum.

Please apply with full details to:
Personnel Director, Ashbourne Finance PLC,
25 Berkeley Square, London W1X 5HB.

LEADING INTERNATIONAL BANK

INTERNAL AUDITOR

A medium sized London based bank seeks a person to head the Bank's Internal Audit function. The successful applicant will be an International Banker with Internal Audit experience and, preferably, an accounting qualification.

Applicants should be confident in their ability to enhance and maintain an Internal Audit programme within an organisation active in a broad range of products.

Attractive terms will be available to the successful Candidate.

Applications in strict confidence under reference BSD 39 will be forwarded unopened to our Client and should include a detailed Curriculum Vitae indicating desired salary and identifying the principal product groups with which they are familiar. If there are any Banks to whom you do not wish your details to be sent, these should be listed separately in a covering letter and the envelope marked for the attention of B. S. Durham.

Brian Durham Recruitment Services Ltd
64 London Wall, London EC2M 8TP
Telephone 01-628 4450

كلمة من المصطفى

Acquisition and Divestment Executive

Salary negotiable up to £35,000 + car and benefits
N.London

Our client, an international company with a turnover in excess of \$600m with diverse interests in high technology engineering, industrial and medical products, wishes to strengthen its central team responsible for acquisitions and divestments.

Reporting to the head of function, the appointee will play a leading role in the planning, analysis and negotiation of acquisition and divestment opportunities. A key element in this role will be the requirement to progress projects through from agreement in principle to successful conclusion.

Educated to degree level the successful candidate will need a sound financial background and a working knowledge of contract/commercial law. Additionally, the role requires personal qualities of stamina and patience together with the

ability to integrate with people up to Board level.

The position is likely to appeal to a qualified accountant or an MBA graduate who is seeking to broaden his/her commercial experience. Alternatively, an experienced member of a Corporate Planning team may welcome the opportunity to join this successful and expanding business.

Salary is negotiable depending on experience and will include full pension participation and other benefits.

Please send your full cv, and details of current salary to Michael Swaine at the address below. Please state clearly if there are any employers to whom your cv. should not be sent, as applications will be forwarded direct to the client for their consideration.



197 Knightsbridge, London SW7 1RP.

APPOINTMENTS

ADVERTISING

For further information call
01-873 3000

Candida
Raymond
ext 3351

Deirdre
McCarthy
ext 4177

Paul Maraviglia
ext 4676

Elizabeth Rowan
ext 3456

Patrick Williams
ext 3694

Patrick Sherriff
ext 4627

Jonathan Wren Leasing

CROSS BORDER ASSET FINANCE

MADRID BASED

Salary £Neg

Our client is one of the world's largest banks with an enviable reputation for providing the highest standards of professionalism and expertise across all sectors of banking. In the field of asset finance they operate mainly on an advisory basis, providing highly innovative, off balance sheet solutions to complex cross border transactions, often where asset values exceed \$50m. In order to strengthen their Spanish operation they seek an individual who has successfully executed a variety of complex large unit leasing and/or tax driven corporate finance transactions. It is envisaged that the appointee will currently be operating in the London market and will have worked for at least two years in Madrid. Whilst a knowledge of additional European languages would be advantageous, applicants, who will be aged 28-35, must be fluent in both English and Spanish. As this is an exceptional opportunity, offering significant autonomy of operation, the remuneration package will be geared to attract candidates of the highest calibre.

Please contact Peter Haynes

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren

Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 01-623 1266 Fax: 01-626 5258

European Pensions Co-ordinator

...at the forefront of European pensions development

Brussels

c. £30,000 package

ICI is a major international force in the discovery, manufacture and sale of a wide range of chemical products via a series of territorial organisations, one of which is ICI Europe.

ICI Europe co-ordinates and supports the activities of a wide range of subsidiaries and associated companies, many of which have their own pensions arrangements.

Initially, you will be based at Welwyn Garden City for a period of familiarisation with the Company's practices and procedures before assuming the role of European Pensions Co-ordinator in Brussels. Reporting to the ICI Europe Personnel Director you will be expected to keep abreast of pensions developments affecting the operating companies and to make a significant input to pensions policy across ICI Europe.

Probably in your thirties you will have substantial pensions experience ideally with some exposure to European pensions matters. The ability to relate to senior management is essential as is the intellectual capacity to grasp complex issues in a stimulating and demanding environment. A second European language is desirable although training will be given. This position offers exciting scope for personal development and further career progression within the Group as well as the immediate opportunity to live and travel outside the U.K. An attractive expatriate package is offered and salary will be dependent upon experience.

Please write in confidence with full career details, current salary and a day-time telephone number quoting the reference '35109 to Lynne Stevens or Douglas Alexander.



MSL International (UK) Ltd,
32 Aybrook Street, London W1M 3JL.
Offices in Europe, the Americas, Australasia and Asia Pacific.

Treasury Dealer

A major multinational food, drinks and retailing company with a turnover approaching £10 billion are expanding their pro-active central treasury operation, and therefore seek to recruit a high calibre treasury assistant for their foreign exchange and money market operations.

Suitable candidates will be in their mid-twenties, educated to degree level and have a minimum of two years' experience in a treasury/banking environment.

Membership of an appropriate professional body would be an advantage.

Salary indicator: £24-26,000 + car, health insurance and the usual benefits associated with a company of this calibre.

Those interested should contact Nick Bennett on 01-831 2000 in strictest confidence, or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH.



Michael Page City

International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

RESEARCH IDEAS

£20,000 to £100,000

On behalf of several clients, major UK and European Securities Houses, we invite approaches from bright, enthusiastic analysts with between 1 to 5 years experience in:

- Electronics
- Engineering
- Food Manufacturing
- Leisure
- Small Companies
- Banks

In addition, we are keen to hear from individuals with practical knowledge of European sector research.

Whether you are actively looking for a move or simply wish to be kept informed of relevant situations in the future, we are pleased to advise you in confidence. Please contact William Dickens at 20 Cousin Lane, London EC4R 3TA. Telephone 01-236 7307, Fax 01-488 1130.

STEPHENS ASSOCIATES

SEARCH & SELECTION IN SECURITIES & INVESTMENTS



OCEAN YOUTH CLUB
DIRECTOR

The OYC is a registered educational charity and is the largest sail training organisation in the country. It takes over 4,000 young people to sea every year in its fleet of 10 ocean-going yachts, stationed around the coast of the British Isles.

The Director is the Chief Executive, responsible to the Board of Governors for the management of the organisation and for the safety and efficiency of its operations.

The job needs, above all, an energetic and enthusiastic leader who has successfully run a business and who has a real interest in working with voluntary helpers to develop enterprise, self reliance and team work in young people. He (or she) will probably be aged in the forties, and will have the character and commitment to be the focal point in representing the Club effectively to the public, the press and supporters. An interest in sailing is essential.

The Director will be based at the OYC central offices at Gosport, Hants. In addition to an attractive salary, a car will be provided.

Please apply to the Director, Ocean Youth Club, The Bus Station, South Street, Gosport, Hants PO12 1EP for an application form which must be returned by April 29th.

Legal Appointments

appear every Monday
For Further Information

Contact
01-873 3000
Elizabeth Rowan
Ext 3456
Wendy Alexander
Ext 3526



the department for Enterprise

Economists

Expert Advice on Government Policy
To £24,356 (Central London)

The Department of Trade and Industry (DTI) and the Monopolies and Mergers Commission (MMC) have a number of challenging posts providing information and advice on economic aspects of government policy.

The work at the DTI is largely concerned with the design, implementation and evaluation of policies on trade and industrial - including regional, research and technological - issues: and there is every opportunity to maintain links with current economic knowledge through academic, business and other outside contacts. At the MMC, you will be involved in inquiries into mergers, monopolies, public-sector activities and recently-privatised businesses, including analysis of competitive situations in markets and assessment of pricing and investment policies.

Appointments, which will be for a fixed period of between one and five years, are at various levels depending on age and experience. While all demand a good honours degree in economics or a closely allied subject, post-graduate qualifications and experience would be an advantage for some posts. Secondments from other employers will be considered; and there may also be opportunities for part-time working.

Benefits include generous leave allowances and non-contributory pension.

For informal discussion, call James Shepherd at DTI on 01-215 6559 or Jonathan Green at MMC on 01-324 1459.

For application forms and further information, contact Aileen Spencer at Department of Trade and Industry, Room 416, Allington Towers, 19 Allington Street, London SW1E 5EB. Tel: 01-215 0245.

Closing date: 28th April 1989.

The DTI is an equal opportunity employer.

Commodity/Financial Futures Management

Our client, a major Futures Broker with an active presence in the Commodity and Financial Futures and Foreign Exchange Markets is seeking to strengthen its management team.

Reporting directly to the Managing Director, our client requires a well presented and articulate candidate of graduate calibre, aged 30 to 40 with highly developed management skills.

An in-depth knowledge of all aspects of the Futures industry is essential and will have been acquired over a number of years working in the Broking/Sales rather than Operations function.

While it is anticipated that the successful candidate will currently be in a management role, outstanding candidates with the potential to make the transition to this challenging position will be considered.

Please write, enclosing a CV to
Trish Collins at the address below
or call on 01-929 2383.

Fourth Floor,
No. 1, Royal Exchange Avenue,
London EC3V 3LT.
Tel: 01-929 2383

Exchange
Appointments

MANAGER COMMERCIAL BANKING

An experienced Business Development and Senior Account Manager is being sought to join the Commercial Banking Department of the London branch of an international bank. The prime function of this position will be to take specific responsibility for allocated accounts and to develop a marketing plan, identifying customers and products compatible with the risk reward objectives of the Bank's board. The incumbent will also develop and maintain the loan syndication programme with potential syndicate partners and/or lead managers. Salary and benefits are very negotiable, commensurate with experience.

HEAD OF CREDIT

(High Profile Individual)

We seek a dynamic banker with at least 5 years senior credit risk assessment experience. Candidates should be aged 38-42 years with analytical skills encompassing lending, LBO's, MBO's, property finance and treasury products. Team leadership management skills are essential. Package neg £45-£55,000.

LEASING SENIOR CREDIT x 3

We have several clients seeking senior underwriters/credit managers with specific skills in appraising leasing transactions. In all three cases, strong interpersonal and leadership skills are essential. Salaries neg £30-35,000 plus benefits.

ACCOUNTANT

Treasury and Capital Market Products

A highly skilled technical accountant is being sought by a leading international bank to join the professional accounting team to provide a specific accounting function in the Capital Market and Off Balance Sheet product areas. The suitable candidate should have had a minimum of 2 years in this sector and possess a professional accountancy qualification. Salary c£20,000 plus benefits.

OLD BROAD STREET BUREAU LTD
STAFF CONSULTANTS
65 London Wall, London EC2M 5TU
Tel: 01-588 3991. Fax: 01-588 9012

Fenwicke Appointments

GLOBAL CUSTODY c£30,000

A premier, international bank is looking to recruit a young, ambitious individual to join their Global Custody team. As leading players in this market, they can offer outstanding career prospects together with the opportunity to join a progressive and professional team. The bank will offer training, together with a competitive compensation package, to an individual with proven marketing skills and a knowledge of the securities industry.

CREDIT ANALYST c£25,000

A major American bank is seeking to recruit an analyst to join their credit department. This position will provide the successful candidate with direct interface with both Corporate customers and Financial Institutions in both the UK and Europe. In addition to a depth of credit experience the position requires an individual with outstanding interpersonal skills.

CREDIT ANALYST c£20,000

As a result of a major reorganisation, one of the world's foremost international banks is seeking to recruit an analyst to join a team responsible for the credit rating of UK Corporate and Financial Institutions. This is a high-profile role which, in partnership with the client executive, will have direct responsibility for maintaining corporate relationships. The successful candidate, probably in their early to mid 20s, will have a strong academic background coupled with solid analysis experience.

TRAINING MANAGER c£25,000

Our client, a premier international bank, is seeking to recruit an experienced training manager who is looking to make a significant contribution within a dynamic and rapidly changing environment. The successful candidate will be responsible for the needs, analysis and delivery of training crucial to equipping managers to meet the future needs of the business. Together with management development experience, preferably within the financial sector, applicants should have strong inter-personal skills and the ability to interface at all levels.

Please contact Gill Pemberton or Judy Elmes
Fenwicke Appointments
11 Well Court, London EC4M 9DN
Telephone: 01-329 4452



FIXED INCOME SALES
Quality House requires a minimum of four years experience of Multi-product sales to a Benefit (mostly Holland) client base. Fluent Dutch and excellent contacts are essential for this challenging position. Salary no objection for right person. Please call Julie Shelley.

FX CORP DEALERS
Various houses require Corporate Dealers ranging from 1 years experience for Assistant positions to 5 years experience for Senior positions. All candidates should have a good working background and a good product knowledge. Excellent packages. Please call Julie Shelley.

NEW PRODUCTS DEALER
Good house requires 3 years experience to join existing team on the Foreign Exchange desk. Product knowledge should include Futures, FRA's hedging interest rate swaps etc. Excellent package. Please call Julie Shelley.

TRADED OPTION SALES
Good experience required and institutional contacts would be an advantage. Top house and an excellent package. Please call Richard Ward.

U.K. CONVERTIBLE SALES
OR TRADING
Good experience in Trading and or Sales for various houses. Please call Richard Ward.

EUROPEAN EQUITY SALES
Major Securities House require experienced European Equity Salesmen to market French or German equities to Europe, France, French or German essential. Excellent packages available. Quote Ref DF/29.

SCANDINAVIAN BOND SALES
Investment Bank seeks a Scandinavian speaker with minimum two years Eurobond sales experience. Graduate preferred with fixed rate DMS, and Euro-Yen experience. Package includes good salary plus car plus mortgage subsidy plus bonus. DF/19.

EUROBOND SALES
Major house offers a multi-figure package to experienced German national or fluent German speaker to cover Germany/Switzerland. For more information quote reference DF/14.

BOND SALES
French speaking multi-currency experience required for various houses. Excellent opportunity. Good package. Please call Richard Ward.

EUROBOND TRADER
Investment Bank seeks an experienced Trader with DM, Gilt, corporate and experience. Salary commensurate with experience. The package includes mortgage subsidy, car, pension. Excellent opportunity for right person. Quote Ref - DF/25.

CORPORATE FINANCE
Preferably a Graduate with experience in European Corporate Finance. Language would be an advantage. Please call Richard Ward.

EUROBONDS - SPANISH SALES
Experienced Eurobond salesman with fluent Spanish required by top investment bank. Graduate preferred. To cover Spain. Excellent package available. Quote Ref DF/11.

U.K. CORPORATE FINANCE
Japanese House requires a minimum of 2 years experience of market research, loss documentation, completion of credit analysis etc. Prefer a graduate with good work history. Excellent package. Please call Julie Shelley.

U.K. EQUITY SALES
Japanese House seeks a Sales person with a minimum of 3 years experience of U.K. Equity sales. Good working background is essential. Preferably a graduate. Please call Julie Shelley.

BOND SALES
Multi-currency fixed income experience with the coverage being Japanese institutions in London. Please call Richard Ward.

MONEY MARKETS SALES
Six months to one years experience of CD's, Commercial Paper etc required by Major International Investment House to join its Sales Team. Salary negotiable. Please call Stuart Norbury.

O.A.T.S. TRADER
Large house requires trader with good experience and working knowledge of MATIE, Fluor, French essential. Salary negotiable. Please call Stuart Norbury.

EQUITY MARKET MAKER
European Bank seek enthusiastic Trader with sound knowledge of Italian equities for its London office. Attractive package offered. Please call Stuart Norbury.

EQUITY SALES (FOR NEW YORK)
International securities house requires experienced sales/trader in Australian equities for its New York office. Excellent package offered. For more information please call Stuart Norbury.

CAMBRIDGE APPOINTMENTS,
232 Shoreditch High Street, London E1 7HP. Fax No. 377 0887
01-377 6488

Challenging Opportunity

Fixed Income Portfolio Manager

City Competitive Package

Our client is an autonomous, dynamic, global investment management firm backed by one of the world's most prestigious international financial institutions. They currently have c.\$1.2bn under management in single and multicurrency fixed income portfolios.


In view of anticipated expansion, a high calibre investment professional is sought to join a four person team and participate in all aspects of the investment process including the formulation and implementation of policy, the management of funds and client relationships and the development of new products.

Educated to degree or MBA and computer literate, the ideal candidate will be aged

28-35 and have several years of relevant experience. Personal qualities will include a flexible, enthusiastic approach and good team spirit.

This role offers a challenging opportunity to candidates who thrive in an entrepreneurial and creative atmosphere and have the motivation and ability to make an impact on the firm's business within a relatively short time.

Interested applicants should contact Charles Ritchie on 01-831 2000 (evenings/weekends 01-675 0670) or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH.



Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

FUND MANAGER

FAR EAST EQUITIES

The opportunity to manage the Far East Equity portfolios of Pension Funds in a top quality UK institution

This position will appeal to a young Fund Manager who is looking for the opportunity to take responsibility for the management of the Far East equity investments of sizeable pension funds. The position is newly created and has arisen as a result of our client's continued growth and increasing specialisation.

You are likely to be in your late twenties or early thirties and will have gained a minimum of three years' experience in Far East equities fund management, with a strong emphasis on the Japanese market. Although this need not have been in pension funds, you must be able to demonstrate a good record of performance in managing Far East equity investments.

The company is a major force in investment management. It enjoys a fine reputation for the quality of its services and its team-orientated management style. The position carries a highly competitive remuneration package, including a company car and concessionary mortgage. If you would like to be considered, please telephone Susan Mancey on 01-222 7733 or write to her at John Sears and Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP.

John Sears and Associates
A MEMBER OF THE SMC GROUP

Credit Assessment Manager

A key role in an innovative environment

Dramatic, profitable growth within the Banking Services area of this Triple A rated European Bank has emphasised the need for a strong, independent Credit team to provide highly professional support to an equally professional marketing group. Typical proposals are un-typically entrepreneurial so that the approach, although naturally founded on solid Banking principles, needs to be solution-based and interpretative.

This new appointment is to be made at Senior Manager level to reflect control, on a day-to-day basis, of a small, close-knit team.

Candidates, ideally with a Clearing Bank background, will be in their mid to late thirties, underlining the need for exposure to hard nosy just

backlog times. Liaison with the marketers will require a spirit of close cooperation tempered with the ability to stand one's own ground and people management skills or the personality best suited to acquire them, are equally important. Career prospects are first class and the salary/benefits package is unlikely to disappoint.

Please send full career details, quoting reference A1680 to Malcolm Lawson at Codd Johnson Harris, Human Resources Consultants, 12 New Burlington Street, London W1K 1RF, or alternatively telephone 01-287 7007 during the working day or 0444-73216 in the evening.



CJH Codd-Johnson-Harris

CORPORATE PLANNING ANALYST

SW London c£25K + car + benefits


Our client is the European subsidiary of a respected global corporation manufacturing electrical components. Headquartered in the USA and dedicated to growth and committed to quality, the company has worldwide sales of \$1.5 bn and sees Europe as a key market place within which to expand.

An exciting opportunity exists for a high-calibre individual to join the European Management team at their modern headquarters. Reporting to the Director of Planning and MIS, you will be responsible for the preparation of strategic and business plans, competitor and market analysis and the development of a planning methodology. You will liaise with senior management throughout Europe and with planning staff in the USA and be supported by sophisticated computer technology. Although not extensive, some travel will be required in Europe to meet with business unit staff and provide some direct support. You will be expected to set high standards of excellence and 'add value' to the role.

You are likely to be looking for a first move, having had 3-4 years' experience in corporate planning, marketing or other relevant functions, gained in an aggressive market-orientated environment. You will be a graduate perhaps an MBA, ideally holding a professional qualification, possibly in accounting.

Career prospects are excellent for either a senior line or functional management position.

For further details, please write to: Paul Stafford, Stafford Long & Partners Recruitment Limited, 17-19 Foley Street, London W1P 7LH. Please quote reference 522L.



NORWICH UNION FUND MANAGERS LIMITED

SENIOR FUND MANAGER

UNIT LINKED FIXED INTEREST FUNDS

Norwich Union continues to be one of the fastest growing insurance and financial services groups in the UK and a market leader.

Norwich Union Fund Managers Limited, members of DMO and managing funds in excess of \$13 billion, seek an experienced person of proven ability to manage our expanding stable of unit linked fixed interest funds. The post is based in Norwich, which is within easy reach of the City.


Reporting directly to the Senior Investment Manager, you will be responsible for the performance of the unit linked funds covering gilts, including index linked securities, Eurosterling bonds and convertible stocks.

Educated to degree level, you should have considerable experience in the fixed interest market. This is a high profile position requiring excellent communication skills, sound analytical training and judgement and the commitment to contribute positively within our established Fixed Interest team.

The competitive salary is backed by a first class benefits package including performance related bonus and a comprehensive relocation scheme, where appropriate.

We are an equal opportunities employer and happy to consider applications from registered disabled persons. If you measure up to the qualities highlighted in this advertisement, write now with full cv to:

John Munday
Investment Personnel Manager
Norwich Union Insurance Group
Surrey Street, Norwich NR1 3NG.



BANKING ACCOUNTS MANAGER

W.1. c.£21K + Benefits

If you are either a qualified/part-qualified ACB with strong accounting experience, or a part-qualified ACA/ACCA with good banking/financial services experience, this opening is very likely to interest you.

CHANCERY BANK, the fast growing Merchant Banking Division of Chancery PLC, with advances under management in excess of £100million, has a newly structured position for an enthusiastic and committed individual who can undertake this wide-ranging and challenging role.

Reporting to our Finance Director, the successful applicant will be responsible, with his/her team, for:

- The management of our customer accounting operations (cashiering, bought and sales ledgers, data preparation/validation).
- The supervision of daily cheque clearance and the review of customer and nominal ledger balances and control accounts.
- Dealing with customer enquiries, audit letters and liaising with our Advances and Treasury Section to maintain an effective accounting service.
- Assisting the Finance Director in enhancing accounting and banking systems and controls.

You must be an effective administrator with proven managerial skills and be able to work to tight deadlines, in a fast moving environment.

Your detailed c.v., together with information about your current remuneration package, should be sent to Ms. J. L. Standfield, Group Resources Executive, at the address below.

CHANCERY PLC
14 Fitzhardinge Street - Manchester Square
London W1H 9PL

Corporate Finance

Deloitte Haskins & Sells is a leading financial advisory firm looking to expand its Corporate Advisory team within its Corporate Finance Division by recruiting professionally qualified graduates with relevant experience.

Successful candidates will have at least two years' experience in the corporate finance department of a top merchant bank or stockbroker. They will be able to demonstrate experience in public take-over work, capital raising, the regulatory environment and general corporate advice. A commercial outlook and an ability to market are essential.

An attractive and competitive remuneration package is offered reflecting the importance of the role and its career prospects.

Please write giving full details to: Nicholas A Morris, Deloitte Corporate Finance, Hillgate House, 26 Old Bailey, London EC4M 7PL.



Deloitte Haskins + Sells

Appointments Advertising appears every

Monday - Legal Appointments
Wednesday - General Appointments
Thursday - Accountancy Appointments

UNIVERSITY OF NEWCASTLE UPON TYNE DEPARTMENT OF POLITICS

LECTURESHIP IN JAPANESE POLITICS

The University invites applications from suitably qualified men and women for the post of Lecturer in Japanese politics. The successful candidate will be a member of the new Northumbrian Universities' East Asia Centre (Director: Professor R. Drifte). The post is available from 1st September 1989.

The person appointed will be a specialist in either Japanese government and politics or Japan's international relations. He/she will be expected to play a full part in the teaching and research of both the Department and the new centre. Candidates should have a strong Japanese language background.

Salary will be at an appropriate point on either Lecturer Grade A - £9,260 - £14,500 p.a. or Grade B £15,105 - £19,310 p.a. according to qualifications and experience.

Further particulars may be obtained from the Senior Assistant Registrar, Establishments, The University, 6 Kensington Terrace, Newcastle upon Tyne, NE1 7RU, with whom applications (three copies), with the names and addresses of three referees, should be lodged not later than 28th April 1989.

EUROPEAN/UK RESEARCHER

Major global financial services company headquartered on Wall Street with London office is looking for dynamic graduate with equity related experience to research financial institutions in the UK and on the continent. French and German an advantage. Rewards related to experience and performance. Please send C.V. or telephone Dr. Berbers on 01-581 4393.

TENCHIMETRICS, INC.
13, Knightsbridge Green, London SW1X 7QL

FOREIGN EXCHANGE SPOT TRADER

For an active European player, trading a major currency: S, Y, DM, CHF. Salary based on net value ranging from £30,000 to £60,000. Please contact Jon Taylor on 236-5881 or forward a CV to: 49 Queen Victoria Street, London EC4

Christopher Little Consultants Limited

John Munday

Manchester Business School
University of Manchester

NATIONAL WESTMINSTER BANK
CHAIR IN
BUSINESS FINANCE

Europe's liveliest Business School is seeking to make an appointment to its prestigious National Westminster Bank Chair in Business Finance. The Chair is endowed by the National Westminster Bank p.l.c.

The School is about to enter a period of considerable expansion under its new Director (Professor Tom Cannon) and more Chair appointments are to be made in the fields of Information Technology, Manufacturing, Management and Strategic Management. The successful candidate will join a large and growing professorial team.

Applicants should have a proven research record and be able to provide strong intellectual leadership in Corporate Finance and Capital Market Theory and should be capable of communicating effectively with M.B.A. and Ph.D. degree course students as well as with experienced managers.

The appointee will join Professor J.F. Dent, Professor of Managerial Accounting and Financial Management, in developing major research and teaching initiatives in Accounting and Finance. There will be the opportunity to make other appointments, in addition to staff already in the subject area. The successful candidate will also become a member of the Manchester Accounting and Finance Group, a lively and active research association of over forty academic staff in the University of Manchester Department of Accounting and Finance, the Manchester School of Management at UMIST and the Business School.

The salary will be in the normal professional range with U.S.S. superannuation benefits. External consultancy is encouraged.

Informal enquiries should be made to either Professor Dent (Tel: 061 275 6333 x6423) or the Dean of Faculty of Business Administration (x6323).

Detailed applications (suitable for photocopying containing the names of three referees should reach the Registrar, the University, Manchester M13 9PL (from whom further particulars may be obtained 061 275 2026 quote ref 77/89/.) before April 28th, 1989.

The University is an equal opportunities employer.

DANISH EQUITIES/SALES

BJORNSKOV Securities Limited, a new UK registered brokerage agency in Danish securities, has a vacancy for a

SALES MANAGER

with responsibility for servicing established and potential international institutional investors in Danish equities.

The successful applicant should have the following qualifications:

- fluency in Danish and English
- detailed knowledge of Danish Equities
- comprehensive experience in company analysis
- good communication skills with a flexible and pleasant personality

We can offer you:

- excellent working conditions
- international environment with professional team
- attractive salary according to qualifications and experience

Application should be sent to:

Lynge Bank
Managing Director

BJORNSKOV SECURITIES LIMITED
HAMILTON HOUSE, 1 TEMPLE AVENUE,
VICTORIA EMBANKMENT, LONDON EC4Y 0HA

Enquiries can be made to above on
tel. 01-353 2542.

BJORNSKOV Securities Limited is a member of The Securities Association and affiliated with AS Bjornskov & CO., Copenhagen, Stockbrokers, which as independent financial institution is one of the largest Danish stockbroking agencies.

Appointments Advertising
appears every
Monday
Wednesday
Thursday

APPOINTMENTS WANTED

Highly motivated individual early 30s, with strong marketing, financial, entrepreneurial skills, and extensive banking background seeks new opportunities in the field of insurance, investment, or high profile management position and new business development.

Write Box A1194, Financial Times, One Southwark Bridge, London SE1 9HL

EUROPEAN/RESIDUAL TOP EXECUTIVE MANAGER
Age 34, Freshman Exec. American + German 11 years experience vertical sales seeks European challenge. Relocation London possible. Please contact phone (01-1 40 71 07 93 (evening machine) or Box A1192, Financial Times, 1 Southwark Bridge, London SE1 9HL.

BARRISTER
with general commercial experience seeks new activity outside the law. Hard work, long hours no obstacle, but must be interesting and challenging. Some capital available.

Write Box 47797, Financial Times, One Southwark Bridge, London SE1 9HL

EQUITY SALES/RESEARCH
Head of U.K. Sales

SALES
Investment Trust Sector Sales
Continental Equity Sales to U.K.
U.K. Equity Sales to Europe
U.K. Equity Sales to Japan - Tokyo
Oil Sector Sales
Leisure Sector Sales
"Special Situations" Sales
Financial Sector Sales
U.K. Traded Option Sales

RESEARCH
Investment Trusts
Financials
Insurance
Leisure
Property
City
European Equity Research
Building/Construction
Food Retail/Manufacturing

CORPORATE FINANCE
C.F. Technicians (U.K. + Europe)
C.F. Executives (A.C.A.A.)

CAPITAL MARKETS

BOND SALES
Eurobond Business Analyst
Can. & Sales with knowledge of other currencies. All currencies in German institutions. Eurobond Sales

SWAPS
Structurisation
Marketmakers

TRADERS
& Brokerage Trader
Eurobond Trader

For further details on these and other opportunities please contact Sean Lord, The Rushmore Consultancy, Premier House, 77 Oxford Street, London W1R 1BS. Telephone (01) 489 1188.

Senior Credit Analyst

Prudential-Bache is a leading securities firm that is part of the \$153 billion Prudential Insurance Company of America, the largest non-bank financial institution in the world.

We are now seeking a Senior Credit Analyst to work within our Credit Department team.

Your principal role will be in setting customer and counterparty credit and trading limits for a broad range of products and business units throughout the Group. These will include fixed income sales and trading, futures and options, securities lending, swaps, and foreign exchange. You will also be expected to involve yourself actively in all aspects of the business insofar as they relate to credit. This will range from new product analysis to aggregate exposure monitoring.

You will probably have had a formal bank credit training, and will have worked in a credit or lending role for five years. You must be a decision-maker and be prepared to justify your decisions in a succinct manner.

Reporting to the Senior Credit Officer - International, you will be part of a small team of credit professionals whose aim is to provide an efficient and constructive service to the business units with which it interacts.

Salary negotiable, with standard benefits package.

Please write, enclosing your C.V. and a phone number where you can be contacted, to:

Mr Nigel Gow-Smith
Senior Credit Officer,
International,
Prudential-Bache
Securities (UK) Inc.,
9 Devonshire Square,
London EC2M 4HP

Prudential-Bache
Securities

REGISTERED REPRESENTATIVES
ARE FED UP COMMUTING?

Effective individual/s with own private client business offered opportunity to trail-blaze regional offices (or work from home) throughout United Kingdom, (inc London & Home Counties).

* Top commission * First class back up & admin * tax & prices screen * share option scheme opportunity.

You will be representing a reputable & dynamic member of international stock exchange & TSA. Appointments nationwide.

C.V. to Box A1190, Financial Times,
One Southwark Bridge, London SE1 9HL
or phone 01-739 7678

INTERNATIONAL APPOINTMENTS

Controlling verstehen wir weltweit als strategisches Finanzmanagement

Die Automobilbranche - auch künftig eine Schlüsselindustrie - steht vor einer Fülle neuer Aufgaben und Problemstellungen. Ford als eines der weltweit führenden Automobilunternehmen fühlt sich besonders herausgefordert, wenn es darum geht, die richtigen Autos zu konzipieren und zu realisieren. Unserem Controlling - wichtiges Element unseres Finanz- und

Rechnungswesens - fällt in den komplexen Berichts-, Darstellungs- und Analyseprozessen die wichtige Rolle zu, Entscheidungsgrundlagen für die verschiedenen Leitungsebenen zu liefern, sie zu interpretieren und zu begründen. Die geschäftspolitischen Ziele und Grundsätze werden hier zur angewandten Praxis.

Wir suchen weitere Nachwuchskräfte für unser Controlling: analytisch besonders begabt und unternehmerisch veranlagt.

Der Einsatz- und Einflüßbereich unseres Finanzmanagements umfaßt alle Bereiche unseres europäisch organisierten Unternehmens. Daraus ergibt sich ein ebenso weitgespanntes wie anspruchsvolles Anforderungsprofil an die fachliche und persönliche Qualifikation unserer Mitarbeiter im Finanzbereich. Fundament für Ihren Start ins Finanzmanagement bei Ford ist ein wirtschafts- und/oder ingenieurwissenschaftliches Studium, das Sie mit sehr gutem Erfolg abgeschlossen haben. Ein Studienschwerpunkt im Finanzmanagement wäre von Vorteil, ebenso eine Erweiterung oder Vertiefung (MBA, Promotion). Ihre besondere Befähigung sollte bereits aus Studienweg und Ergebnis sichtbar werden. An Ihr konzeptionell-

kreatives Denken und an Ihre Befähigung zur partnerschaftlichen Kommunikation werden besondere Anforderungen gestellt. Bereits durch Ihre Bewerbung sollten Sie erkennen lassen, daß Sie auch über diese Voraussetzungen an Ihre Managementbefähigung und Ihr Führungstalent verfügen. Angesichts unseres europaweiten Aktionsfeldes und unserer weltweiten Verbindungen sind sehr gute englische Sprachkenntnisse erforderlich. Ein spezielles Training-on-the-job macht unseren Controlling-Nachwuchs mit allem vertraut, was er für eine zügige Entwicklung braucht. Für Freiräume und individuelle Förderung ist gesorgt. Die Chancen, rasch in Aufgaben mit Verantwortung aufzusteigen, und die

Möglichkeiten, Ford-Controlling an unterschiedlichen Plätzen kennenzulernen, sind ausgezeichnet.

Interessiert? Dann bitten wir um eine aussagefähige Bewerbung unter dem Stichwort „Controlling“ an die Ford-Werke Aktiengesellschaft, Personalabteilung NM/MIR-12, Postfach 60 40 02, 5000 Köln 60.



Small Department of Old Established large ZURICH BASED COMPANY

require services of an experienced competent

TRUST MANAGER

Candidates should have practical business experience of Discretionary Trusts and other forms of family settlements. Confident personality and ability to handle individuals essential. Preferred age 25 - 40. Reasonable working knowledge of German language required. Good working conditions and generous salary (well over UK levels) offered.

Full particulars in strictest confidence to:
Box A1178, Financial Times, One Southwark Bridge, London SE1 9HL.

DIRECTOR, INVESTMENT MARKETING

Represent the global portfolio management services of a major financial organization

One of the United States' premier financial groups is currently undertaking a major expansion of its portfolio management client base. To help cultivate new markets and develop an efficient support organization, we now seek a knowledgeable professional with a strong marketing background.

Headquartered in Luxembourg and travelling extensively throughout the continent, the Director will market our portfolio management services to both institutional and individual investors. The Director will also establish and staff a comprehensive support network.

Qualified candidates for this unique opportunity should have extensive experience and a proven record of success in the marketing of financial services. The willingness to travel extensively is essential. While the working language required for this position is English, fluency in French, German and/or Italian will constitute a distinct advantage.

As an international financial leader, we provide a highly competitive compensation package that is incentive oriented. For consideration, send your resume with salary requirements, in strict confidence, to: Box MA272, 360 Lexington Ave., 12th Floor, New York, NY 10017.

Equal Opportunity Employer M/F

TRUST/PRIVATE BANKING OPPORTUNITIES
BERMUDA

The Bank of Bermuda Limited is an international banking, trust and investment management organization with assets of \$4 billion and 1,500 staff in 8 locations worldwide.

Due to exceptional growth in our private banking and trust business, we are looking for exceptional people to join us in Bermuda.

ASSISTANT MANAGER
This individual will assume responsibility for the daily activities of a group of trust administrators and assist in the development of new business. Interested candidates should possess a university degree or professional qualification in the trust area, extensive technical knowledge of trusts, and excellent managerial and business development skills.

ADMINISTRATOR
This is an excellent opportunity for a career-oriented individual to further develop expertise as a specialist in offshore trusts and companies. Applicants should have at least 3 years experience in offshore trust administration and be making steady progress in the examinations of the Chartered Institute of Bankers (Trustee Diploma) or a similar qualification.

CORPORATE SECRETARY
The Corporate Secretary will be responsible for all aspects of company administration including maintenance and preparation of statutory records, minutes, production of standardized reports, and special research projects as required.

To qualify, you should have a Chartered Secretary designation or equivalent experience in company secretary administration.

The Bank of Bermuda Limited offers an attractive tax-free salary, generous settling-in allowance, relocation expenses and benefits package plus the opportunity to enjoy Bermuda's unique climate and lifestyle.

Applicants should please submit CV's by mail or facsimile no later than April 21st, 1989 to:-

The Bank of Bermuda Limited
Mrs. Nea Roloff, Personnel Officer
The Bank of Bermuda Limited
6 Front Street, Hamilton, Bermuda
FAX: 809-292-3814 or by telephone
809-295-4000 extensio 3320

LEGAL

APPOINTMENTS

APPEAR EVERY

MONDAY

PROGRAMMER/ANALYST

One of NY's largest Computer Consultants is seeking an individual to work in one of the following areas:

PRO IV TPF

For more information please call between 9-10pm EST.
VITAL COMPUTER SERVICES INTERNATIONAL INC.
117 E. 26th Street, New York, N.Y. 10010 (USA) (212) 674-3400
Fax (212) 674-8671 U.S.A.

TECHNOLOGY

FT writers explain why modern techniques failed to contain the Exxon Valdez oil disaster Like taking a sponge to a flooded basement

The 10m gallon oil spill... Although burning seems an obvious solution, it is now treated with scepticism by many experts because it leaves a sticky residue which is more difficult to deal with than the oil itself.

More promising are a clutch of new chemical compounds such as gelling agents, which form a lattice-like sponge holding the oil together until it can be collected.

Effective treatment of a slick this size - whether by skimming, burning or using chemical dispersants - depends on attacking it early, while the oil is in a concentrated form.



A rescue worker scrubs the oil-soaked rocks on Naked Island in Prince William Sound

He likens the use of skimmers to clean up this slick to using a sponge in a flooded basement. By Saturday, eight days after the Good Friday spillage, less than 5 per cent of the oil had been recovered.

Chemical dispersants were also tried, despite concern that they might harm marine life. They too made little impact on the slick, partly because of the chemical composition of the Prudhoe Bay oil that the vessel was carrying.

Companion film to sharpen up the amateur's pictures

THIS month Kodak, the US photographic company, will extend its Ektar range of colour films, which many enthusiasts say give the sharpest pictures of any commercially available 35 mm prints.

COMPANY NOTICES

THE THAI-EURO FUND LIMITED International Depositary Receipts issued by MORGAN GUARANTY TRUST COMPANY OF NEW YORK

HEALTHCARE GLOBAL FUND S.I.C.A.V.

Notice is hereby given that an EXTRAORDINARY GENERAL MEETING of shareholders will be held at the registered office at 2 boulevard Royal, Luxembourg on April 21, 1989 at 3.30 p.m.

LEGAL NOTICES

NOTICE TO SHAREHOLDERS AND WARRANT HOLDERS IN THE MATTER OF THE GERMAN SECURITIES INVESTMENT TRUST PLC

Trials seek to tie up a natural way to prevent pests from mating

Work on biological control of pests using pheromones initially started in the 1970s, in the US, with the pink bollworm. After successful tests in Egypt, several agrochemical companies began producing the pink pheromone commercially.

HEALTHCARE GLOBAL FUND S.I.C.A.V.

Notice is hereby given to the shareholders, that the ANNUAL GENERAL MEETING of shareholders of HEALTHCARE GLOBAL FUND will be held at the head office of Banque Internationale à Luxembourg, Société Anonyme, 2, boulevard Royal, L-2953 Luxembourg, on Friday, April 21, 1989 at 3.00 p.m.

CONTRACTS & TENDERS

BAA PLC BAA will shortly be inviting separate tenders for the operation of Duty and Tax Free Shops at Stansted Airport and Heathrow Airport (Terminal 3).

INTERNATIONAL PROPERTY

FOR SALE IN CRANS MONTANA - SWITZERLAND One of the finest summer and winter holiday resorts, with a good deal of estate, next to the golf course.

PARIS PRIVATE HIGH STANDARD APARTMENT PANORAMIC VIEWS OVER THE CITY

Survey third floor six room 130 sq.m. flat overlooking Eiffel Tower, Paris and Eiffel Tower, including Hall, Kitchen fully equipped, 4 beds, double bathroom with shower and terrace 14 m², 2 baths, 2 WC, 2 garages.

COMPANY NOTICES

LINREAD PUBLIC LIMITED COMPANY Notice is hereby given that the share transfer books of the company will be closed from Thursday 20th April to Monday 24th April 1989, both days inclusive.

NORTH EAST LANCASHIRE

The above Survey will now be published on Monday, 10th April 1989 For further information contact PHILIP DODSON on 061 834 9381 (telex 666813) Fax: 061 832 9248

A CSC IT Management Seminar LIMITED SPACE AVAILABLE CALL 439 6252 NOW! THE PRAGMATIC APPROACH TO COMPUTER SECURITY Specifically designed for IT directors with responsibility for system security...

FIDELITY SPECIAL GROWTH FUND

Société d'investissement à Capital Variable Luxembourg, 5 Boulevard de la Foire R.C. Luxembourg B 20.095 DIVIDEND NOTICE At the Annual General Meeting held on March 30, 1989, it was decided to pay a dividend of US\$ 0.05 (five cents) per share on or after April 28, 1989 to shareholders of record on March 31, 1989 and to holders of bearer shares upon presentation of coupon No 3.

INTERN

Cathay Places Major Airbus Order

Compiled by Our Staff From Dispatches
HONG KONG—Cathay Pacific Airways Ltd. has ordered A330-300 aircraft from Airbus Industrie in a deal worth \$1.1 billion, said Airbus.

Germany, Britain and Spain, won the face of strong competition from the U.S. manufacturer Boeing Co. and Douglas Corp.

Stuart Iddles, vice president of Airbus Industrie.

The A330-300 model Cathay Pacific will carry passengers and will be operating nonstop to all the airline's East Asian destinations.

The Tristars, which are in operation until 1995, will be replaced by Airbus A330-300s. Mr. Giedhill said Boeing Co. had no reflection of which is supplying of its latest A330-300.

Airbus Snags Cathay Pacific Order Of up to \$2.2 Billion for A-330 Jets

By Susan Casey
BRUSSELS—Airbus Industrie, on a roll for the past week, said Cathay Pacific Airways ordered 10 twin-engined A-330-300s, with options on 10 more, in a sale valued at as much as \$2.2 billion.

The European jetliner consortium said the order is the fifth it has signed in the past five business days. The airlines began last week with a \$1.6 billion order from Trans World Airlines for as many as 40 A-330-300s. Cathay Pacific is the consortium's latest order, worth \$1.1 billion. The value of the contracts is one of Airbus's good fortune.

The A-330 is a real competitor to the MD-11. But the Boeing 747 is, so it appears that Boeing has the long-range jumbo jetliners and took options for seven. The big loser appeared to be McDonnell Douglas Corp., which was picking its new trijet MD-11 to Cathay as a replacement for some of the carrier's A-300-600s. Since the A-330 has a shorter range and smaller capacity, it isn't a real competitor to the MD-11. But the Boeing 747 is, so it appears that Boeing has the long-range jumbo jetliners and took options for seven.

Converted into freight will be 196 onwards, the chairman of the Airbus Industrie.

Airbus Wins \$2bn Cathay Contract

AIRBUS, the four-nation aircraft manufacturer, yesterday confirmed that the Far East airline Cathay Pacific is placing a \$2.2bn (£1.3bn) order for up to 20 A330 jets in a deal potentially worth more than \$1bn to Britain's aerospace industry alone, *Michael Harrison writes.*

More than half the value of the contract will be undertaken in the UK with British Aerospace, with a 20 per cent stake in Airbus, manufacturing the wings and Rolls-Royce the engines. This deal follows Trans World Airline's \$3.6bn order for up to 40 twin-engined A330s. The Cathay order also writes several new chapters into the history of commercial aviation. It marks the largest Far East order yet for Airbus aircraft and the first time Rolls engines have been specified for an Airbus jet. Cathay's A330s will also be the first to be powered by the RB211-524L—the most powerful engine in the world—under development by Rolls at a cost of up to £500m.

Airbus beats Boeing in £1bn Cathay deal

AIRBUS, the European plane-maker, has won another long-term contract from Cathay Pacific Airways in its struggle to win the sale of 20 A330-300 jets to the Hong Kong carrier.

By John Harlow
Cathay Pacific Airways yesterday (yesterday) ordered 10 A330-300 jets from Airbus Industrie, worth a total of £1 billion.

Bigger share for Britain in Airbus order

By John Harlow
TWENTY new-generation Airbus jets to be sold to Cathay Pacific for £1.3 billion will be the first to be more than 50 per cent British, Airbus said yesterday.

The existing Airbus programme is based on jets assembled in Toulouse from components flown in from several European countries, with a maximum of 35 per cent British components. British Aerospace, which has a 20 per cent stake in the Airbus consortium, traditionally manufactures the wings for the jets at Chester and other sites. The contract, which was revealed in The Daily Telegraph on Monday, is a triumph over its American rivals Boeing and McDonnell Douglas, and also for the British air industry. Rolls-Royce will take the largest share of the new contracts, earning £350 million to supply its newest engines, the RB211-524L. This has a thrust of 65,000 lb of the current engine. The deal will ensure jobs at Glasgow, Barnoldswick, Lances, Sunderland and the Rolls-Royce Derby headquarters into the 1990s the company said yesterday. Other British companies which will get big contracts include undercarriage manufacturers Dowty Rotal, Vickers, Lucas, and Plessey.

£1.4bn Airbus order for Rolls

Larry Elliott and Steve Vines
AIR engine giant Rolls-Royce won its first order for the European Airbus consortium as Cathay Pacific became the third airline within two months to provide major backing for the consortium.

from Northwest Airlines, which was consolidated last week by a deal potentially worth more than £2 billion with TWA. TWA has yet to specify which engine will power its A330s, but Rolls-Royce is one of the main contenders. An Airbus spokesman said in the light of recent confidence in the project—five separate contracts have been awarded—Rolls-Royce will be awarded a contract worth £1.4 billion to supply engines for up to 20 A330-300s.

Airbus beats U.S. Euro plane-makers take a £1.3bn deal off American rivals

BRITAIN and the European partners of the U.S. aerospace industry yesterday secured a major air deal against the mightiest in a rivalry for both Boeing and McDonnell Douglas. Airbus Industrie has secured a £1.3 billion order for up to 20 A330-300 jets from Cathay Pacific Airways. The deal is a triumph for the British air industry and also for the British aerospace industry. Rolls-Royce will take the largest share of the new contracts, earning £350 million to supply its newest engines, the RB211-524L. This has a thrust of 65,000 lb of the current engine. The deal will ensure jobs at Glasgow, Barnoldswick, Lances, Sunderland and the Rolls-Royce Derby headquarters into the 1990s the company said yesterday. Other British companies which will get big contracts include undercarriage manufacturers Dowty Rotal, Vickers, Lucas, and Plessey.

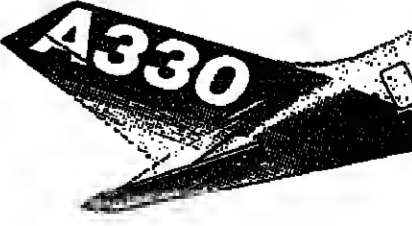


Table with financial data for Airbus and Boeing. Columns include company names and various percentages.

Cathay has placed firm orders for 10 A330-300s, due for delivery next year. This takes the order book for the A330-300 to 266 commitments. The A330s will be used to replace Lockheed L-1011 regional routes. A particular significance which already has been noted by the MD-11. Sir will certainly be an opportunity.

NOW, WHO'S NEXT?

Today we would like to thank Cathay Pacific Airways for their commitment to purchase ten A330 aircraft, with a further option for ten more, and for being the first customer to choose Rolls-Royce engines. Who will we be thanking tomorrow? **AIRBUS INDUSTRIE**



UK NEWS

Fraser report has evidence of wrongdoing says Young

By Philip Stephens, Political Editor

PRESSURE ON Lord Young, the Trade and Industry Secretary, to publish his inspectors' report into the takeover of House of Fraser by the Fayed brothers intensified yesterday after he explicitly acknowledged that it contained evidence of "wrongdoing".

Sir Edward du Cann, Louth chairman, said Lord Young had "let the cat out of the bag".

As Mr Neil Kinnock, the Labour leader, attacked Lord Young for his refusal to authorise immediate disclosure, MPs on both sides of the House of Commons said that the takeover had involved "lies", "deceptions" and "negligence".

After a demand by Labour for a government statement on the affair, the Speaker (chairman) of the Commons ruled that MPs were not allowed to quote from a leaked copy of the report published in part last week by the Observer newspaper.

The legal case between the Government and Lohro, to be heard next week by the Law Lords, on whether Lord Young should be forced to publish in full the inspectors' findings made the issue sub judice, he said.

That, however, did not discourage Labour and some Conservative MPs from voicing anxieties about the circumstances surrounding the takeover.

over and from pressing for full publication of the report.

Under the protection of parliamentary privilege Mr Brian Sedgemore, a Labour MP, said that there was a public interest in knowing that the principle shareholders of the House of Fraser are fraudulent rogues and in knowing how ministers came to be deceived in 1985.

Questioning Mr Tony Newton, the trade and industry minister, Mr Sedgemore added: "Do you intend to invite the Governor of the Bank of England to censure Kleinwort Benson for negligence, the Law Society to censure Herbert Smith for incompetence, and the Prime Minister to censure ministers for negligence, incompetence and naivety?"

Kleinwort Benson, the merchant bank and Herbert Smith, the firm of solicitors, acted as advisers to the Fayed brothers during the takeover.

Mr Teddy Taylor, a Conservative MP, said that the Government should respond to the "lies and deception" referred to in the report by agreeing to refer the 1985 takeover to the Monopolies and Mergers Commission.

Mr Newton, however, said that the Government had already clearly stated its reasons for not referring the takeover and had also indicated that other options were open to it in responding to the report.

Mr Jonathan Aitken, another

Conservative MP, said that the Government's case that publication of the report could prejudice criminal proceedings had already been contradicted in the courts by counsel for the Attorney General.

Both Lord Young and Mr Newton, however, stuck firmly to their view that premature disclosure of the report could prejudice both the current inquiries being conducted by the Serious Fraud Office and any future criminal actions.

Mr Newton insisted that Lord Young's acknowledgment in a BBC radio report earlier in the day that the inspectors had found evidence of wrongdoing was simply an obvious explanation of his decision last year to pass it on to the SFO.

Mr Kinnock, however, said that Lord Young had done what he wanted everyone else not to do - to make a judgment in public on the report.

The minister won support from some backbench Conservative MPs for the decision not to publish and for the Government's sharp criticism of the move by Lohro and the Observer to publish extracts.

Mr Newton declined, however, to indicate whether the inspectors' findings could be made public as soon as the prosecuting authorities had completed their investigations or whether that would have to wait for the completion of any subsequent criminal action.

Moscow makes human rights gesture on eve of Gorbachev visit to Britain Ailing mathematician allowed to visit West

By Robert Mautner and Philip Stephens

THE SOVIET UNION yesterday made a significant goodwill gesture on the eve of the visit of its leader, Mr Mikhail Gorbachev, to Britain, when it announced that a seriously ailing Soviet mathematician, in urgent need of medical treatment, would be allowed to travel to the West.

The decision to allow 68-year-old George Samoilovich, who is reported to be suffering from lymph cancer, to leave his country temporarily after persistent British official representations on his behalf, was seen by a Foreign Office spokesman as "a considerable achievement in Anglo-Soviet relations".

Mr Samoilovich, who has been offered free medical treatment both in London and the US, had not been allowed to leave the Soviet Union earlier because the Soviet Government claimed that he was in possession of state secrets.

His plight is one of several human rights cases due to be raised by Mrs



Mr Gorbachev with Mrs Thatcher on an earlier UK visit

Margaret Thatcher, the Prime Minister, during Mr Gorbachev's visit.

The Soviet gesture came just as the atmosphere for Mr Gorbachev's visit was in danger of being soured by repeated public warnings by Sir Geoffrey Howe, the Foreign Secretary, and other Ministers, about the continuing Soviet military threat and the need for Nato to keep up its guard.

Mrs Thatcher yesterday underlined her determination

that the West should retain a "sure and strong" defence and should press ahead with the modernisation of its short-range nuclear weapons.

She said that she would tell Mr Gorbachev that she was determined to negotiate from strength.

Mr George Younger, the Defence Secretary, said yesterday in a speech to mark Nato's 40th anniversary that "the new Soviet rhetoric" about "defensive sufficiency" cut little ice

with an Alliance (Nato) that had been concerned solely with defence from its inception.

These criticisms were countered yesterday by a senior Soviet official, in London to brief the press ahead of Mr Gorbachev's visit. Mr Evgenii Primakov, Director of the Moscow Institute of World Economy and International Affairs, who referred to Sir Geoffrey's "primitive view" of Nato's role and East-West relations. However, Mr Nikolai Shvablin, consultant to the Communist Party's Central Committee, tried to smooth ruffled feathers by stressing that Britain and the Soviet Union had to build a climate of trust and co-operation.

Mr Gorbachev, who was said by British officials yesterday to have "a cordial, even enjoyable relationship" with Mrs Thatcher, is due to arrive in London from Cuba late tonight, accompanied by his wife Raisa. Mrs Thatcher, who will be at the airport to meet him, together with other members of the British government,

will accompany Mr Gorbachev to the Soviet Ambassador's residence for brief initial talks.

The two leaders will have further talks, scheduled to last two-and-a-half hours and expected to range widely over subjects such as east-west relations, arms control, human rights and regional problems, particularly Southern Africa and Afghanistan, tomorrow. These will be followed by the signature of three agreements on investment promotion and protection, the building of a school in Armenia with British aid and visas.

Other important items on the Soviet leader's programme tomorrow include a visit to Case Communications, an advanced technology company in Watford, and a meeting with a Confederation of British Industry delegation.

Before leaving for home on Friday, Mr Gorbachev is due to deliver an important speech in the City of London and have lunch as the guest of the Queen at Windsor Castle.

Thatcher looks to 'chemistry' to set international reaction

By Philip Stephens, Political Editor

IT IS A claim she can make with some justification. This week's talks will represent her fifth meeting with Mr Gorbachev and his third trip to the UK.

They precede his planned return visits to Bonn and Paris during the summer and, if the size of the Soviet advance guard is any guide, they are being treated most seriously by Moscow.

Mrs Thatcher will be the first Western leader to be briefed by Mr Gorbachev on his assessment of the upsets suffered by official candidates in the recent Soviet elections. She in turn will be able to provide him with a first-hand account of the prospects for further progress towards a negotiated settlement in Southern Africa.

The style of their previous encounters - as warm as they

have been tough - has also lent credence to the claim by one of Mrs Thatcher's senior aides that it was a "remarkable relationship". In the view of one of her officials, they may differ sharply over nuclear arms, but provide clear evidence that "like poles do not repel".

The British Prime Minister's respect for the Soviet leader is genuine, and there appears little doubt that there is peculiar chemistry between two strong individuals determined "to break the mould" in their respective countries.

Some of her colleagues have been heard to lament that she treats the leader of a Communist country with more respect than some of her colleagues. With no hint of irony, those close to Mrs Thatcher compare Mr Gorbachev's efforts to modernise and liberalise life in the

Soviet Union with the task that faced her in 1975.

The other side of the same coin is that Mr Gorbachev is seen from the Prime Minister's office as a leader who will respect the Prime Minister's resolute determination to negotiate from strength.

Mrs Thatcher will offer all the help she can give in the Soviet leader's quest for a more modern, less threatening society, but will also insist on a "cast-iron" insurance policy for the West in case he fails.

That stance also contains the message that Mrs Thatcher wants to send to her allies in Nato: that her determination that they should reject Soviet calls for total denuclearisation in Europe and should instead move to modernise its short-range weapons is entirely compatible with further rapprochement with Moscow.

As one of her senior ministers commented recently, that decision on modernisation will not be made by Mrs Thatcher. It will be thrashed out - probably at the eleventh hour - by US President George Bush and Chancellor Helmut Kohl of West Germany. All Mrs Thatcher can do is to try to exert as much influence as possible.

Nor, however, is it certain that Mr Gorbachev will be content to stand by and allow Mrs Thatcher to translate his visit into an easy public relations triumph.

Soviet officials do not ridicule the idea of a strong relationship between the two leaders, but the signs in recent days have been that Mr Gorbachev is growing more impatient with her hard-line position on modernisation of short-range weapons.

His scheduled keynote speech before his departure on Friday will also provide him with the opportunity if he so chooses to launch a further Soviet arms control initiative designed to cut the ground from beneath Mrs Thatcher's position.

Water watchdog chief chosen

By Richard Evans

THE first Director General of Water Services, the independent official who will regulate water charges and monitor standards after the industry's privatisation, is to be Mr Ian Byatt, deputy chief economic adviser at the Treasury.

The choice, announced yesterday by Mr Nicholas Ridley, Environment Secretary, surprised the industry but was cautiously welcomed.

Mr Byatt, an economics lecturer before he joined the civil service in 1967, has specialised in the regulation of public monopolies at the Environment Department and at the Treasury, where he has been

deputy chief economic adviser since 1972.

He has a formidable task in regulating the water industry, which includes 10 regional water authorities and 29 statutory water companies. Each will require a separate charging formula, making the privatisation in November the most complex attempted by the Government.

Mr Byatt and around 100 employees of Ofwat will be based in Birmingham. His responsibilities will include regulating charges by setting a ceiling for price rises, monitoring service standards and the enforcement of higher stan-

dards where necessary, and the encouragement of greater efficiency by promoting competition.

Mr Ridley said that the appointment of the independent regulator was a key component of the Government's plans for the water industry. "The new water plc will be regional monopolies and the regulator's function will be to ensure that neither the newly privatised nor the existing water companies can unfairly exploit this," he said.

Mr Byatt will take up his new role officially in July when the Water Bill is expected to become law.

The private side



NOMURA

NOMURA BANK (SWITZERLAND) LTD

THERE'S A SIDE TO NOMURA KNOWN ONLY TO A VERY FEW.

A PRIVATE SWISS BANK WHICH CAN DRAW ON NOMURA'S WORLDWIDE RESOURCES.

IT GIVES US A VERY SPECIAL ABILITY TO IDENTIFY OPPORTUNITIES AND MINIMISE RISK.

THUS, WE NOT ONLY PRESERVE YOUR WEALTH, WE BUILD ON IT.

AND, IN THE TIME-HONOURED TRADITIONS OF SWISS PRIVATE BANKING, YOU'LL FIND OUR CONTINUITY OF SERVICE, OUR DEDICATED PERSONAL APPROACH AND OUR DISCRETION IMPECCABLE.

AT NOMURA BANK (SWITZERLAND) WE LOOK UPON OUR RELATIONSHIP WITH OUR CLIENTS AS A TRUE PARTNERSHIP.

A PARTNERSHIP WE MAKE SURE WILL FLOURISH.

 **NOMURA**
Personal Private Banking

NOMURA BANK (SWITZERLAND) LTD.
ZURICH - BAHNHOFSTRASSE 71. PO BOX 8023.
TEL: (01) 2199111.
GENEVA - 10, QUAI DU SEJNET. 1211 GENEVA 11
TEL: (022) 324646.
LUGANO - VIA PRETORIO 9. 6900 LUGANO
TEL: (091) 202222.

The Nomura Securities Co., Ltd. 1-3-1, NITONBASHI, CHUO-KU, TOKYO 103 JAPAN
 Issued by Nomura Bank (Switzerland) Ltd. and approved for circulation in the U.K. by Nomura International Limited, a member of TSB.

West

**Our first-class commitment
throughout the world.**



With us, you have an unlimited opportunity to fly First Class all over the world, even on the shortest flights in Europe. With our exclusive service which starts in one of our Senator Lounges. With the outstanding comfort which is a real blessing on flights between continents. With the preferential treatment which many of our passengers no longer want to miss even on short flights. With the result that more and more customers will be reaching their destinations in first-class shape.

MUR

 **Lufthansa**

UK NEWS

Securities body opposes Brussels investment edict

By Clive Wolman

THE SECURITIES Association, the largest of the City of London's self-regulating organisations, is opposing the reciprocity provisions of the investment services directive produced by the European Commission last December.

The directive, scheduled to take effect in January 1993, is designed to provide a "single passport" to a firm authorised in one member state allowing it to sell its services in any other state without the need to seek further authorisation.

TSA says in its official response that the directive should come into force by the scheduled date, which would coincide with the taking effect of the second banking directive. Otherwise those securities firms which do not form part of a larger banking operation will be placed at a competitive disadvantage.

The reciprocity provisions, carried over from the second banking directive, would deny an application for authorisation from a subsidiary of a company incorporated outside the EC in situations where its home country does not grant reciprocal treatment to EC financial institutions wishing to operate there.

TSA argues that the UK has become a major financial centre because of its openness to international participants. The directive's definition of "reciprocity" is unclear. For example, it could even be applied against the US because of its Glass-Steagall legislation which prevents a bank from engaging in securities business and thus would be used to restrict the US activities of a German universal bank.

Even in cases where a firm from outside the EC was confident that the provision would not apply, it may still be deterred from setting up in the EC. TSA says, because of delays before it could be granted authorisation.

The TSA urges rapid progress on the capital adequacy directive which is also supposed to come into force in January 1993. Capital requirements, it says, are closely related to authorisation and are one of the most sensitive criteria when firms decide where to locate their business.

The other area which points to a philosophical divide between the EC Commission and the UK authorities is in the division of responsibilities that the directive makes between an investment firm's home country, where it would be authorised, and its host countries, where it operates.

The directive envisages that the conduct of business rules governing the relationship between a firm and its clients should be the responsibility of the host countries. Under the UK's Financial Services Act, potential conflicts of interest that arise within an investment firm because of its range of activities are regulated primarily by conduct of business rules imposing, typically, a strong duty of disclosure by the firm to the client of its position.

However, the EC directive sees this issue as more suitable for being regulated as a structural matter, by restricting the types of business undertaken by a firm or by imposing other organisational constraints.

Climate improves for the British resort

Travel agents see a brighter outlook for holidays at home, writes David Churchill

BRITAIN'S travel agents and tour operators met yesterday to discuss the worries of the industry in the down-to-earth setting of the Butlins holiday centre in Bognor Regis, rather than in one of the more exotic overseas destinations usually favoured by travel chiefs.

The choice of the Bognor Butlins - now called South-coast World - for the UK conference of the Association of British Travel Agents is most apt this year.

Butlins, associated in Britain with old-fashioned holiday camps offering traditional family seaside fun at budget prices, is enjoying a boom year with bookings running at record levels. Its popularity reflects the renaissance in domestic holidays this year. At the same time, though, last year's airport delays and higher mortgage repayments at home have taken some of the gloss off continental package holidays.

Figures from the British Tourist Authority show that the number of Britons taking holidays of four nights or more in the UK last year rose for the first time since the early 1980s. Nearly four out of every 10 Britons took a break of four or more nights in the UK last year, compared with just three out of every 10 in 1987. British holiday operators suggest that the trend has continued into this summer.

Rank Leisure, for example, which operates five Butlins holiday centres as well as being the largest operator of caravan parks in the UK, says bookings are about 10 per cent higher this year than 1988.

Superbreak Mini Holidays, the leading short-break holiday operator in the UK, also reports more Britons taking home holidays this year. "Demand is very buoyant," says Mr Christopher Dunn, Superbreak's joint managing director.

Wales also is enjoying a boom, according to Mr Frys Edwards, chairman of the Wales Tourist Board. "Our recent advertising campaign has generated some 170,000 inquiries and a very high proportion of these are being converted into firm bookings," he says.

Some tourist chiefs remain

cautious. "I'm not saying business is booming, but it looks a very healthy picture indeed," says Mr Tim Whitehead, director of tourism for the seaside resort of Torquay.

His comments perhaps reflect the fact that, after years when a holiday in Britain was seen as a downmarket alternative to a sunshine package overseas, the UK holiday industry finds it hard to believe the good times are really returning.

A further warning was given to delegates at the Abta conference by Mr Malcolm Wood, marketing director for the English Tourist Board. "The British tourism industry has an unprecedented opportunity in 1989 to reap the benefits of improved bookings and favourable market conditions for UK holidays," he told them.

"But the industry must be prepared to rise to this challenge. Above all, 1989 must be remembered as the year we laid to rest the idea that a British holiday is second-best."

The main structural change in British holidays over the past decade has been the fall in the numbers taking the tradi-

tional week or fortnight of "main" holiday in Britain. The number of such holidays (measured as four nights or more) was down to 19m in 1988 from 27m a decade earlier.

This slump is both because Mediterranean sunshine holidays have become more accessible and because most British resorts have failed to upgrade accommodation or invest in all-weather facilities.

Some resorts have responded by investing to attract new markets. The Bognor Butlins, for example, was refurbished at a cost of £27m (as part of a £125m investment programme for the Butlins group) and is closing the benefit of improved bookings.

Mr Angus Crichton-Miller, managing director of Rank Leisure, points out that the investment has enabled Butlins to pursue new markets such as weekend breaks and conferences. "Those operators and resorts that have not invested in new facilities are now paying the price," he says.

British operators have also been shown the example of the Centre Parcs holiday village in Nottingham. Centre Parcs is

Dutch-owned and provides all-weather accommodation and a high level of facilities.

Blackpool, still Britain's most popular seaside resort, has also learned to adapt. The resort, on the north-west coast, already attracts 6.5m visitors a year to its pleasure beach.

"When a major survey alerted us to the problem of the ageing visitor, a deliberate policy was aimed at recapturing the young," points out Blackpool's department of tourism. Some £16m, for example, was invested in an "indoor seaside" complex called the Sandcastle.

Yet British tourism is also shining at the "grey market" of over 50s who have the time and the money to enjoy several holidays a year. "It is a very important market for us as these holidaymakers will often take several short-break UK holidays a year to places and cities like London, Edinburgh, and the Lake District," says Mr Dunn of Superbreak.

What would really cheer tourist chiefs would be a sunny summer. "After three pretty average summers, it's about time we had a real scorcher," one suggests.

Wales joins Labour's devolution programme

By Anthony Moreton, Welsh Correspondent

THE LABOUR PARTY yesterday committed itself to devolution for Wales as part of a shake-up of local and national government within the principality and said this would be given priority if the party was returned to power at the next general election.

Mr Barry Jones, the party's spokesman on Welsh affairs, promised in Cardiff that the legislation needed to be devolved within the lifetime of the parliament.

This is a rather more cautious commitment than that given to Scotland where Labour has promised "immediate" devolution. Mr Jones denied this was a piecemeal approach. Change in Wales and Scotland would be accompanied by a reappraisal of local government in England. "Do not underestimate the power of a Labour government to devolve power to the regions," he said.

The Welsh Labour party is to take the scheme to its annual conference in Llandudno next month. It will propose the setting up of an elected body to deal with functions carried out by the Welsh Office and those bodies which have an all-Welsh remit. At the same time, the party intends to simplify local government, by replacing the eight county councils and 37 district councils formed in the 1974 reorganisation with a single tier of between 17 and 25 multi-purpose authorities.

If, as expected, the proposal is approved by the Welsh party conference, it will then go to the national party's conference in the autumn. Success there would almost automatically mean the implementation of the manifesto for the next general election which has to be held before the middle of 1992.

Labour does not intend to reduce the 38 MPs in the country nor relegate the Welsh Secretary to a non-cabinet post even though the person would presumably lose a considerable part of his or her powers. But its plan for the 765 community councils is less clear and will not be resolved until consultations have been held with interested parties. "The debate is now no longer about devolution," Mr Jones said. "It is about the practical implementation of policy." A devolved authority would not be an independent one, as Plaid Cymru, the Nationalist party urged, "but there must be a debate on establishing a new system of local and regional government for Wales."

Atex launches cheaper system

By Raymond Snoddy

ATEX, the electronic text processing company whose customers include Mr Rupert Murdoch's News International and the Daily Telegraph has bowed to market pressure and produced a new less expensive system based on standard personal computers.

Atex, part of the Eastman Kodak group, which has more than 700 customers in 38 countries, has tended to be sceptical in the past about linking personal computers together

rather than providing its own computer hardware.

Mr Alec Hollingworth, Atex European vice-president, conceded yesterday that there had been market pressure for a new product based on personal computers.

The new Atex system developed in the UK and aimed at the European market will be suitable for local and regional newspapers and magazines requiring between six and 60 screens. It will be based on the

IBM PC range but will use standard Atex keyboards and software.

Mr Hollingworth added that there was no technical reason why a larger number of PCs could not be networked together. Atex had simply not got that far yet.

He expected personal computers to migrate into the larger electronic newsroom systems running national newspapers, but the time scale was not yet clear.

Spycatcher reports 'in grave contempt'

By Raymond Hughes, Law Courts Correspondent

NEWSPAPERS which published material from Spycatcher, the memoirs of former MI6 (counter intelligence) officer Mr Peter Wright, when court injunctions were in force were guilty of grave contempt of court, counsel for Sir Patrick Mayne, QC, the Attorney General, told the High Court in London yesterday.

Mr John Laws was opening committal proceedings against three newspapers - The Independent, the Sunday Times and the now defunct News on Sunday - and their editors.

He said that the publications and their editors prohibited the reproduction of anything from Mr Wright's book.

"All Fleet Street knew about these injunctions and it was known that the Crown's purpose in bringing the court actions in the first place was to prevent the dissemination here of what Wright, as a previous insider in the Security Services, had written," said Mr Laws.

The fact that the Spycatcher case had been brought on behalf of the Crown by the Attorney General was not significant.

The hearing continues.

Mr Laws said the Spycatcher saga was now over and done with and there could be no question of "raking over the embers".

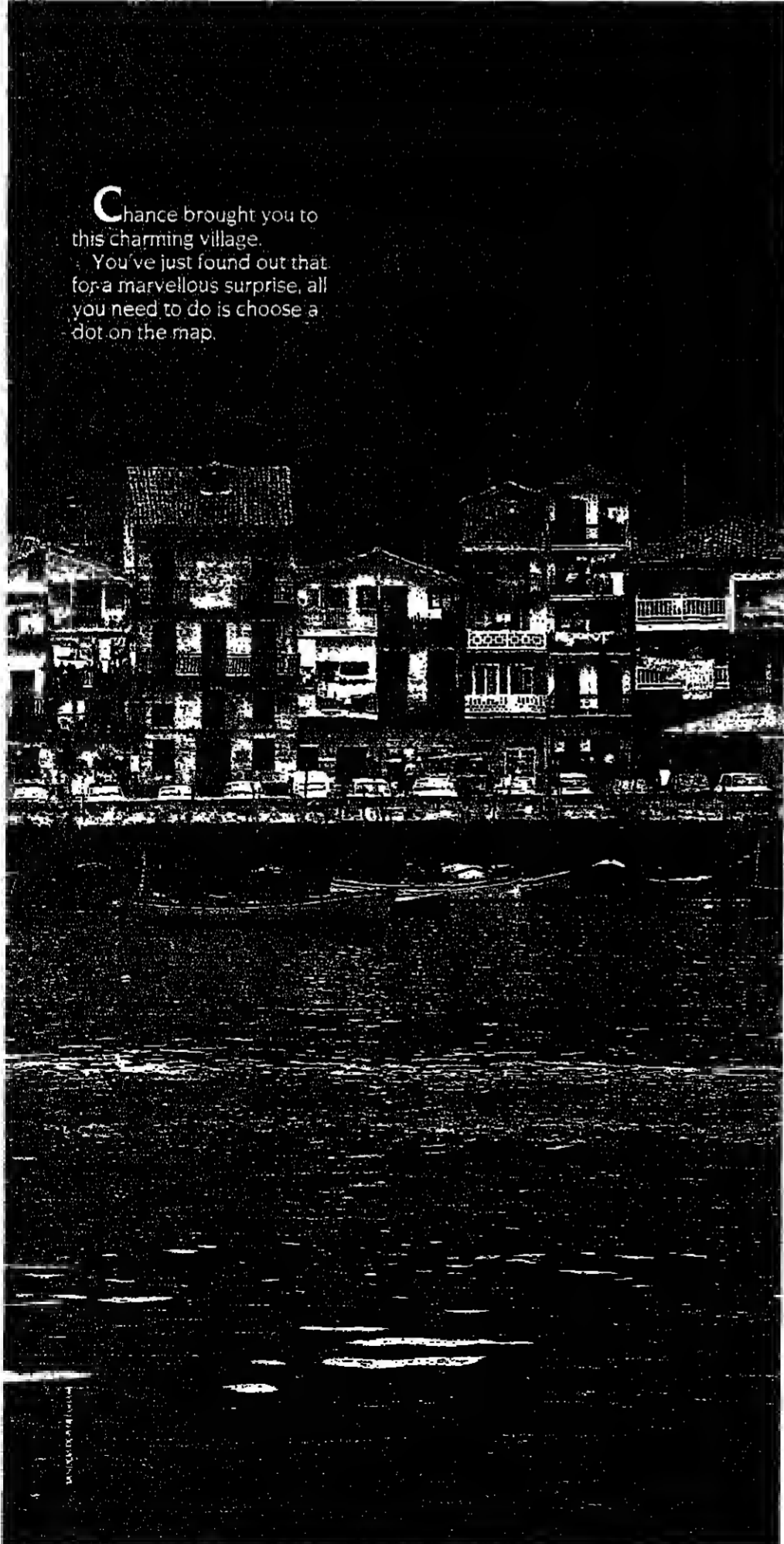
Last summer the Government finally failed in its claims for final injunctions preventing the British press publishing material from the memoirs of Mr Peter Wright. "A disgraced and discredited former member of the British Security Services."

But from June 1986, there had been interim injunctions in force against the Observer and the Guardian newspapers and their editors prohibiting the reproduction of anything from Mr Wright's book.

"All Fleet Street knew about these injunctions and it was known that the Crown's purpose in bringing the court actions in the first place was to prevent the dissemination here of what Wright, as a previous insider in the Security Services, had written," said Mr Laws.

The fact that the Spycatcher case had been brought on behalf of the Crown by the Attorney General was not significant.

The hearing continues.



It's just a dot on the map.

You're dining peacefully in a place which is no more than a tiny dot on our map.

You haven't been in Spain long but you've already discovered that this isn't one of those countries which has all its charms concentrated in a few places.

Here, as well as enjoying the delights of major attractions such as Madrid, Barcelona, Seville, San Sebastián, and Granada, you've come across a surprising number of unforgettable little villages.

Some with rustic houses made of stone in Spain's green north. Others with white-washed walls bathed in sunlight in the south.

Some nestling in spectacular mountain scenery. Or perhaps stretched out beside one of the many beaches of golden sand.

Each with their own cuisine, wines, dances, music, handicrafts and happy atmosphere.

Spain is unique, you think, as you pause to savour a glass of excellent wine.

Because even a tiny dot hidden away on a map can provide you with unforgettable moments.

Spain. Everything under the sun.



Legal snag delays Dublin trial

Financial Times Correspondent

LEGAL ARGUMENT delayed the start of the trial in Dublin yesterday of a Belfast man charged under the Criminal Law Jurisdiction Act which allows for alleged offenders in the UK and Northern Ireland to be tried in the Republic.

Mr Gerard Sloan, 35, is charged with escaping from Crumlin Road Courthouse, Belfast, in 1981, and with possession of firearms.

Mr Sloan was arrested last November as he boarded an aircraft in Dublin after eight years on the run. The act under which he is charged is rarely used in the Republic.

in the Special Criminal Court in Dublin yesterday the trial judge questioned the absence of warrants from the Royal Ulster Constabulary and adjourned the court until the situation was clarified.

Mr Sloan was arrested last November as he boarded an aircraft in Dublin after eight years on the run. The act under which he is charged is rarely used in the Republic.

Charges under the Criminal Law Jurisdiction Act are at present being prepared against Father Patrick Ryan, the priest sent back from Belgium after his arrest there last year.

He is sought in Britain on terrorist charges, but the Irish Attorney General refused his extradition after his arrival from Belgium, urging Britain to use the mechanism provided by the Criminal Law Jurisdiction Act instead.

Ministers discuss Anglo-Irish review

By Our Belfast Correspondent

BRITISH and Irish government ministers will today discuss the preliminary findings of the review of the workings of the Anglo-Irish Agreement when the Intergovernmental Conference meets in Belfast.

Mr Tom King, Northern Ireland Secretary, and Mr Brian Lenihan, the Republic's Foreign Affairs Minister, will jointly chair the meeting. The talks are also expected to focus on cross-border security after the recent IRA murders of two

senior police officers as they were returning to Northern Ireland after meeting Irish police officers in Dundalk.

Sir John Harman, chief constable of the Royal Ulster Constabulary, and Mr Eoghan Crowley, Garda commissioner, are expected to attend the meeting during the talks on security.

Unionists have refused to participate in the review of the agreement - which gives Dub-

lin a say in the affairs of the North - but other political groups have made submissions. It is thought the outcome of the review will not be finalised until after the next conference meeting.

Most observers feel it will not result in any substantial changes to the Accord and will concentrate on measures to increase the efficiency of the secretariat which services the conference.

This announcement appears as a matter of record only April 1989

DSL Bank Luxembourg

Société Anonyme, Luxembourg

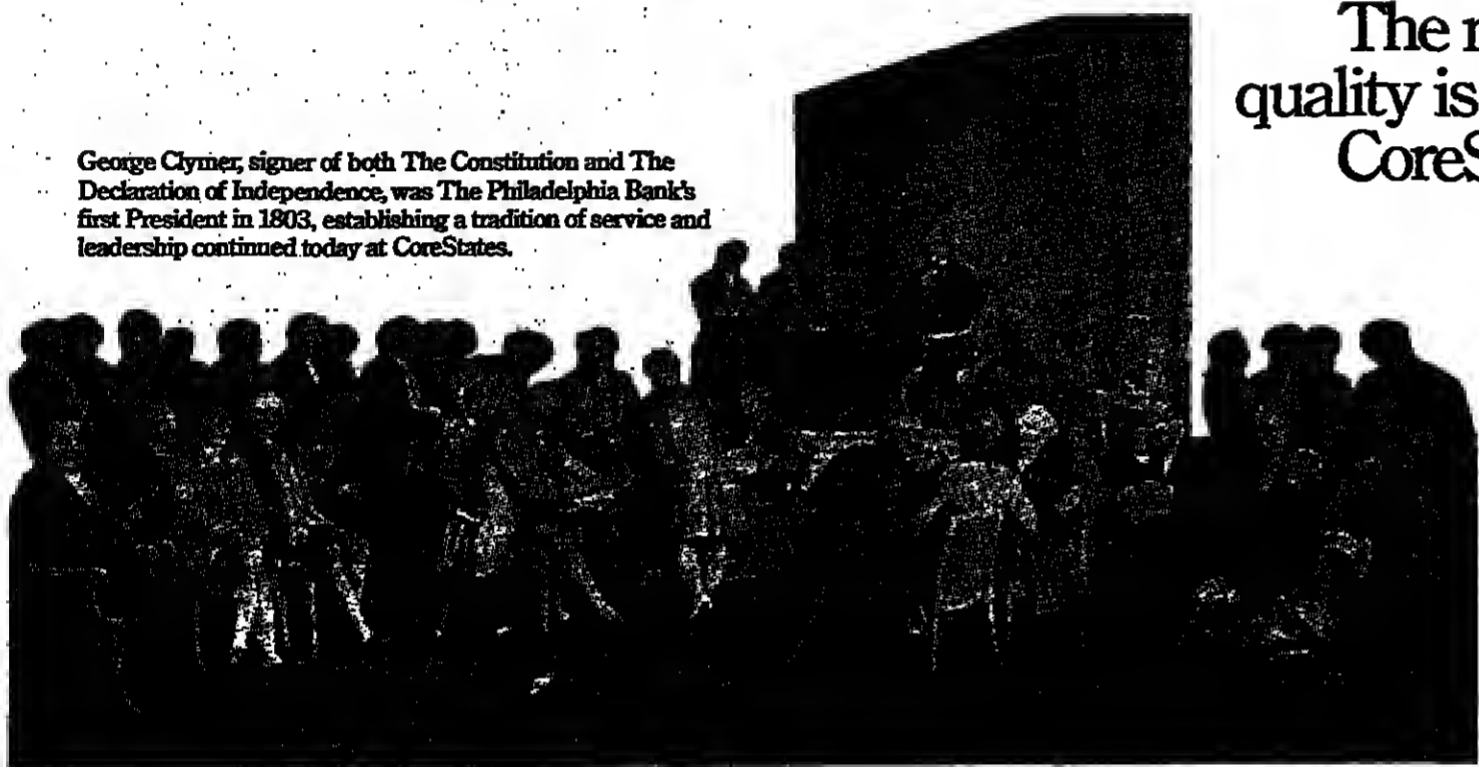
DM 75,000,000
6 3/4% Bonds due 1994

Issue price: 100%
Listing: Frankfurt

DSL Bank
Deutsche Siedlungs- und Landesrentenbank

People Are At The Core Of CoreStates.

George Clymer, signer of both The Constitution and The Declaration of Independence, was The Philadelphia Bank's first President in 1803, establishing a tradition of service and leadership continued today at CoreStates.



Independence National Historical Park Collection

The most important standard of a corporation's quality is its investment in human assets.

CoreStates is known for the quality of its people and is committed to a corporate culture

that nurtures personal growth and rewards success. From training and service to involvement in the communities they serve, CoreStates people are provided the tools and support they need to build and maintain a competitive edge.



CoreStates' people know their mission is to bring value to customer relationships. Inherent in this mission is a sense of pride in the institution and in the role they play in its growth and success. As CoreStates thrives, so do its people, whether by contributing to the quality of products and services or by helping to achieve new levels of support for community, cultural and charitable programs.

Good people making

a contribution. This is a tradition of CoreStates, its

driving force and its equity in the future.

For a CoreStates Quarterly or Annual Report, contact the CoreStates Investor Relations Department, P.O. Box 7618, Philadelphia, PA 19101, or call 215-973-3528.



CoreStates' emphasis on training supports the skills its people need to succeed—and helps them match products and services with customers' financial goals.



CoreStates/PNB underwrote development of a park in North Philadelphia by a group of local students in conjunction with Centro Pedro Clavero, a local community group.



CoreStates

CoreStates Financial Corp
Philadelphia National Bank • Hamilton Bank • New Jersey National Bank • CoreStates Bank of Delaware NA
Congress Financial Corporation • Signal Financial Corporation • CoreStates Capital Corp

MANAGEMENT

Electrical engineering

Where 'paradise' is to be found in acting quickly

William Dullforce assesses progress in the enormous task of merging Asea and Brown Boveri

Percy Barnevik is still in his element 18 months after taking on one of the decade's toughest management challenges. "Sure, we have a massive job with all these plants and opportunities, but that is the stimulant. If you really are a rationalisation man, somebody who wants to change things, it is paradise."

The challenge is to merge Sweden's Asea and Switzerland's Brown Boveri into Europe's most effective contender in the global electrical engineering stakes.

Speed remains the hallmark of his management practice. A year ago he stressed in an interview with the Financial Times the importance of acting quickly to prevent losses in market shares while the fusion took place, to motivate managers and to inject dynamism into the overweight giant which was the immediate result of the merger.

Six months ago he threw a champagne party for the team (and their wives) which wrote the software for, and put in place, the group's global reporting system. Dubbed Abacus, it gives the executive board monthly updates of sales, order intake and backlog, financial results and margins, by business area, region and country.

When told it would take three years to have such a system working, Barnevik insisted that it should start trial runs by last August.

Today, he acknowledges that his insistence on speed caused some problems, particularly in West Germany, where employees' protests and sit-ins over a period of some weeks last March and April.

But he still prefers to "push things through and not refer them all the time to investigation, because you can investigate to death." And, he adds, "we have not been blocked, we have not been delayed and we are not sitting still while governments decide."

While it has been concentrating on the process of merging, the group may have lost some of the electrical engineering market, notably in the Nordic countries where Asea already had large market shares and where putting the Asea and Brown Boveri units together "has probably let in more imports."

In Switzerland, the other "home" country, and elsewhere, Barnevik believes ABB has actually gained. Some losses may have occurred

on the product front. Barnevik mentions general purpose motors, where many organisational changes have been made to improve efficiency. The three power divisions reported \$8bn in orders received in 1988, up 13 per cent, and overall the 1988 order intake indicates that ABB has suffered no major setback during the merger process.

ABB's first consolidated annual figures, reported last week, met most analysts' expectations with a 1988 pre-tax profit of \$636m on a turnover of \$17.8bn and a net income of \$386m. The margins were far from Barnevik's ambitious long-term targets of close to double last year's ratios. He expects the first fruits of last year's restructuring to become visible in the 1989 results.

His optimism - for the longer not just the short term - is underpinned by three transformations under way in ABB's situation. First, the deals he has pulled off, notably with Westinghouse in the US and with Finmeccanica in Italy, which will substantially reinforce the group's market penetration.

Second, the many measures his task forces completed last year or have in the pipeline in order to turn ABB into "the lowest cost producer worldwide." The task forces push through exchanges of products and components among factories to achieve economies of scale and streamline manufacturing, marketing and financial operations.

Third, is his conviction that he can put across his message of change right through the group. He has no illusion about the immensity of the task. A massive communication programme started with a conference for 250 top managers in Cannes in January last year. Barnevik explained his policies, the conference was video-taped and made available to local managers. Then, the 50 product-based business area managements, whose task forces execute the strategy, held their own conferences. Comparable meetings took place at regional level, so that most middle managers will have attended two sessions. Another top management conference is in the offing.

Communication is critical, Barnevik stresses. Managers need incentive systems, targets to work to, feedback from the managers above them and persuading that they can

make more decisions and have more interesting jobs.

"Take one of the 600 middle-level managers in Germany. He may be 50 years old and have worked in a stable environment for the past 25. He may have to work some extra hours, change his methods, perhaps switch to another job inside the company and he asks why the hell should he."

"You tell him it is to increase long term profitability. He says we have had a nice life on a 2 per cent margin for the past 25 years, so why do you want 5 per cent or even 7 per cent. Well, you talk of job security, long-term expansion, the threat from the Community's single market and that a strong company is good for him and his family. But somebody has to talk to Mr Müller and motivate him."

His staff say Barnevik himself has spent a tremendous amount of time at meetings with middle-level managers. "If we have mobilised half of them, it is fantastic. It's not so bad," Barnevik says. But he admits he does not yet know.

The two other developments - the deals he has completed and the rationalisation - which underpin Barnevik's optimism are more easily assessed. The formation of ABB has spawned the restructuring, over the past 18 months, of the international, and particularly the European, power equipment industry.

In Europe ABB has become the biggest in the sector. Second is the joint company formed by Britain's GEC and Alstom of France, while Siemens of West Germany, until recently the dominant European, is now in third place.

Already this year ABB has completed deals in the US and Italy. The US authorities blocked the joint venture between ABB and Westinghouse in power generating equipment but the agreement on transmission and distribution equipment went through and will add some \$1.2bn to ABB's turnover. ABB currently has 45 per cent of the venture but with an option, which Barnevik probably will exercise, to buy the rest.

In Italy the end result of complicated negotiations with Finmeccanica has been the formation of several joint ventures in power

generators, boilers, turbines and transformers. The outcome injects ABB technology into a grouping of some 22,000 people (including 10,000 outside Italy) and calls for a massive restructuring job.

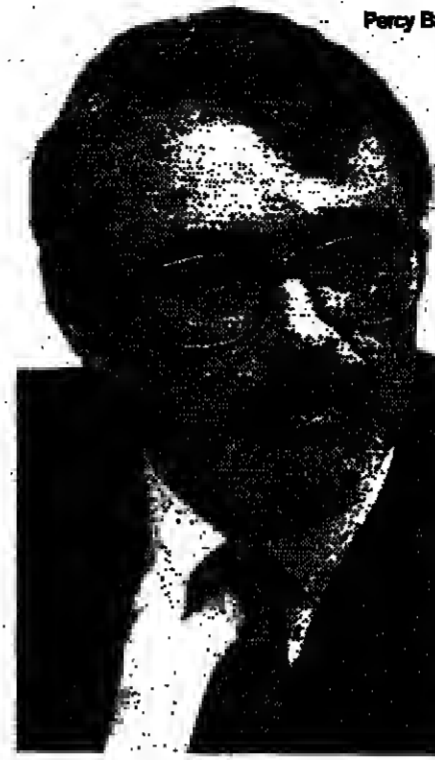
Italy has become ABB's largest home base after West Germany and Sweden and gives it a major presence in two of the four big Community countries. Barnevik is preparing ABB for the European single market with cross-border rationalisation but at the same time he is taking care to retain the group's "multi-domestic" character. He says no more than 2 per cent of power plants in EC countries have been built by foreign contractors.

Looking at the broad canvas, Barnevik expects to generate 25 per cent of group turnover, twice as much as last year, in North America in five years' time. He is circumspect about reports that he has been talking about joint ventures with Japan's Mitsubishi but says it is "obvious" that ABB has to be "an insider" in the Asian market.

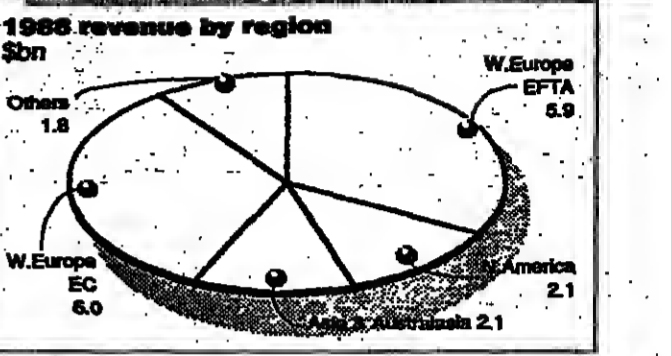
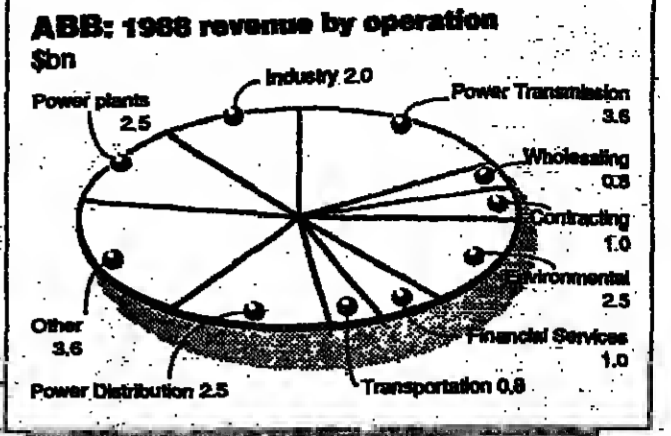
Less than half ABB's turnover comes from the three power divisions and the decentralised management throughout the group has been striking deals in several other sectors over the past 12 months. Barnevik highlights railway equipment, where the group had an order intake of some \$1bn last year, but where it has been buying additions. BREL, British Rail's engineering subsidiary, bought earlier this year by a consortium in which, ABB has a 40 per cent stake and will introduce its technology, products and market outlets, adds \$450m in annual turnover to the ABB family.

In addition, a share has been bought in a Danish coach and locomotive builder and a Swedish state-owned coach building concern has been taken over. Agreements are being reached with the Swedish and Finnish governments for the acquisition of freight wagon building and maintenance units; and Ericsson Signals System with a \$120m turnover spread across Europe bought.

If one adds ABB's overhead rail line business, the group will soon be approaching annual sales to railway customers of around \$2bn. ABB also forms part of the German-based consortium building high-speed trains in competition with the French. Given the demand for better urban transport systems,



Percy Barnevik



increasing interest for combined road-rail freight and the pressure for more efficient use of energy, Barnevik thinks ABB has acquired a "nice smorgasbord of opportunities".

The acquisitions and the deals are building up ABB's muscle as a global operator but new companies and joint ventures have to be managed; rationalisation remains the key to Barnevik's hopes of boosting the merged group's profit margins. Here a lot has happened in the past 12 months.

The basic matrix structure with eight business segments, each responsible to a member of the executive board for a product group or geographical region, 50 product-based business areas, some 800 companies and 3,500 decentralised profit centres is in place and functioning.

Trimming costs is essentially the job of the task forces, put together at the business area level. The area management compares the manufacturing costs for a given product at all its plants and picks the best one as a model. In A/C motors, for instance, one plant was producing at 50 per cent of the sales price while others had manufacturing costs of 75 per cent.

Teams, usually two or three specialists, then go in to cut overheads, streamline inventories, cut out some operations and source out the "less noble" parts to sub-contractors. Products and components are swapped to get economies of scale. Enormous activity has been going

on right through the group, spearheaded by the business area managers. It will continue through 1990.

One of the most interesting examples, partly because it ran into resistance by employees and managers in the first half of last year and did not really get going until the second half, is the exchange of power generating equipment production between Germany and Switzerland.

Put simply, turbine and generator production was divided, so that Birir Switzerland concentrated on the rotating parts and Mannheim on the stationary parts for the complete range. Overall, ABB aims at cutting 4,000 of the 38,000 jobs in Germany and 2,500 of the 17,000 in Switzerland.

Disinvestment was part of the cost-cutting strategy outlined a year ago by Barnevik. In fact, there has been very little but ABB reported capital gains of some \$900m from disinvestments in 1988.

A major real estate operation has been set up under a manager at Zurich headquarters, to exploit the space, both factory and land, freed by the production rationalisation. One example is NEBB, one of five companies which were merged in Norway into Elkem's Bureau and which had a headquarters and generator plant in the centre of Oslo.

NEBB sold the site, realised a \$50m capital gain and took a 49 per cent stake in the development company which will rebuild the plant into offices. The group thus stands to reap further profits from the operation while generator production has been rationalised to one plant.

Real estate companies have already been established in half a dozen countries, to take over the ownership of all ABB property. The industrial operations then become tenants, paying a market price, while the real estate companies "make dead sure that the property is exploited in the right way."

Another innovation is the establishment of treasury centres, to manage ABB's considerable cash resources and to exploit the opportunities of the many financial instruments now available. In addition to one world treasury centre in Zurich, local centres have been set up in five other countries.

FT FINANCIAL TIMES CONFERENCES

WORLD GOLD

LUGANO, 26 & 27 June, 1989

This conference is one of the most successful events in the FT calendar and is arranged each year for the leading executives of mining companies, banks, investment houses and the jewellery industry.

The speakers include:

Mr Robert Guy
NMI Rothschild & Sons Limited

Mr Brian Marber
Brian Marber & Co

Mr George Milling-Stanley
Consolidated Gold Fields PLC

Mr Urs W Seiler
Union Bank of Switzerland

Mr Dennis A Suskind
Goldman, Sachs & Co/
J Aron Commodities Division

Mr John Hanemann
Commodity Exchange Inc

Mr John Forsyth
Morgan Grenfell & Co Ltd

Mrs Donna Pope
United States Mint

Mr Peter Joseph
Dominion Mining Limited

Mr Peter Munk
American Barrick Resources Corporation

Mr James Cross
South African Reserve Bank

Mr Itsuo J Toshima
World Gold Council Limited

Mr Alfred Schneider
Swiss Bank Corporation

Mr Keith S Smith
The Moccata Group

Mr Timothy S Green
Consolidated Gold Fields PLC

Mr Bryan Parker
World Gold Council

Mr David Williamson
Shearson Lehman Hutton Inc

Mr Tom Main
Chamber of Mines of South Africa

A FINANCIAL TIMES INTERNATIONAL CONFERENCE

Official Carrier: swissair

WORLD GOLD

FT A FINANCIAL TIMES INTERNATIONAL CONFERENCE

Financial Times Conference Organisation
126 Jermyn Street, London SW1Y 4UJ
Tel: 01-925 2323, Fax: 01-925 2125, Telex: 27347 FTCONF G

Name _____

Position _____

Company _____

Address _____

Tel _____ Fax _____

Type of Business _____



For those who've never given a second-hand car a second thought

A second-hand car doesn't have to look or behave like a second-hand car. Not if it's a Mercedes-Benz with the official 'Quality Used Car' label.

Start with the undated appearance. Mercedes-Benz don't alter their designs: every time there's a motor show. And the quality of the paintwork and trim is such that normal wear and tear is scarcely perceptible. Interior materials retain their appearance and feel, with no maintenance except occasional cleaning.

Mercedes-Benz expect their cars to perform as well after 50,000 miles as they do just after they are run-in. So most people would be hard put to tell the difference between a second-hand Mercedes-Benz and its new equivalent. The only 'giveaway' would be a letter on the number plate. The reason for all this is as simple as it is complex.

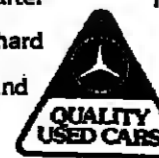
The production of any new Mercedes-Benz model is planned to avoid problems during

manufacture. Every process is checked and re-checked until the procedure is perfect. Every component is tested to destruction and Mercedes-Benz actually provide the testing equipment for some of their external suppliers. Materials are subjected to the equivalent of years of wear testing in laboratory simulations that operate 24 hours a day, 7 days a week.

Whilst the first owner of a Mercedes-Benz enjoys the obvious benefits of driving a brand new car, owners two and three can enjoy all the privileges of Mercedes-Benz motoring at a lower price.

A well-maintained, dealer serviced car will still look stunning and behave impeccably. The high levels of safety and driving pleasure remain undiminished. And if a second-hand Mercedes-Benz costs a little more than an ordinary new

car, it's still a small price to pay for a vehicle that treats the passing years with almost total disdain.



ENGINEERED LIKE NO OTHER CAR IN THE WORLD.

ARTS

TELEVISION

Bite-sized news with your toast and marmalade

Britain's third attempt at breakfast television, after the BBC's Breakfast Time and ITV's TV-am, is called The Channel Four Daily. Clearly it is entirely intentional that the title makes the programme sound like a newspaper...



The Channel Four Daily team: Michael Nicholson, Carol Barnes, Garry Rice, Debbie Greenwood, Dermot Murtagh, Susannah Simons and Richard Whiteley.

ntes, and is backed up by James Mates in Tokyo (we know he is there because there is a bonsai plant in front of the Venetian blind) and Michael Nicholson in Washington. The headlines are followed by weather and transport details, and packed in between are "bite-sized" segments - their phrase, not mine - flavoured with the arts, sport, social matters, and finance...

the presence of Mates and Nicholson in the Pacific and the US is less urgently felt, it will no doubt settle down and seem somewhat less frenetic. Probably not very much, however, because the very structure makes for a feeling of rush and superficiality. Through this column argued strenuously against Michael Ignatieff's recent series which suggested that we are heading into a 3rd Aryan Culture...

mined to limit items to "bite-sized" morsels that when a story within the "Streetside" section on enforcing rights under Ancient Lights laws ran to more than three minutes they chopped it in half and inserted a two-minute goblet about SERPS in the middle. A report by Michael Nicholson on the election of a mayor for Chicago appeared to have lost so much in the editing that it scarcely made any sense.

amusement. It has been suggested that Channel 4 decided to adopt, as their own, Peter Jay's "mission to explain" which came such a cropper during the fiasco of TV-am and the "Famous Five".

Television's desire to compete with and, if possible, supplant newspapers is understandable, but the attempt to imitate the functions of the press so precisely may be a mistake. The beauty of a newspaper is that it can be all things to all men.

With television you are tied to the set and entirely at the mercy of the broadcaster: if you want two minutes of subject matter the reader is king; if you want to read two minutes of sports news and then 10 minutes of political background that is what you get.

Christopher Dunkley

The Late Christopher Bean

ARTS THEATRE, CAMBRIDGE

The Late Christopher Bean by Emlyn Williams marks the departure of Bill Pryde as artistic director of the Cambridge Theatre Company. He has steadfastly maintained these past seven years the decent standards and programming flair of this invaluable middle-scale touring outfit.

In his memoirs, Williams exposes further the awkward tinkering in New York with a Sidney Howard script, itself a translation from the French of René Fauchois. The result was a 1933 hit for Edith Evans as Gwynny, the Welsh maid who is leaving service with the doctor's family after 15 years.

In the course of Gwynny's long-runner Bean, the homa of the Haggart family is invaded by people suddenly anxious to settle Bean's small debts and make off with the oils.

last day, the homa of the Haggart family is invaded by people suddenly anxious to settle Bean's small debts and make off with the oils. When I last saw the play, in 1978 at Watford Palace, with Dora Bryan as an unaccountably Lancastrian but touching Gwynny, the Tom Keating forgery business was in the news.

But the emphasis has now shifted. CTC's Gwynny is a creature of plump, unassertive affability; Rhoda Lewis simply ignores all the chances she has to express the deep abiding sadness of her condition.

Michael Coveney



Jerome Willis

ENO's seat prices to rise by 23 per cent

An energetic flow of seven new productions set against a deteriorating financial situation was presented at the annual press conference of the English National Opera at the Coliseum yesterday.

Despite the fact that the ENO is defying the "rules" of its principal backer the Arts Council and is budgeting for a loss in 1989-90 it is still forced to raise its seat prices by an average 23 per cent with the top seats costing £33 from August 24.

Antony Thornecroft

Embarque

SADLER'S WELLS

Slobhan Davies' Embarque, which featured in the second Rambert programme on Monday night, gives a telling impression of the dramatic and sometimes relaxing of travel.

Alastair Macaulay reviewed it at it Rambert premiere last month, and I have only to concur in his admiration for the dancer's muscular style. The Rambert cast of four catch its least shimmy and slouch, doing their own thing while intensely aware of everyone else's activity.

Clement Crisp

Boult Centenary Celebration

FESTIVAL HALL

It would have been all too easy to celebrate the centenary of Adrian Boult's birth by giving concerts drawn from the core repertory with which he was identified most closely - the symphonies of Beethoven, Schubert and Brahms, and his specialisms of Rigor and Vaughan Williams.

conductor of the British premiere of Berg's Wozzeck - a concert performance at the Queen's Hall in 1934; a few weeks earlier he had introduced Mahler's Ninth Symphony, and conducted Wozzeck again in 1939 - or of Stravinsky's Symphony in C (a wartime broadcast from Bedford), or predicted that in the BBCSO's inaugural concert the second suite from Ravel's Daphnis et Chloe would have been placed alongside Brahms.

shouldered the blame for what was essentially a problem with the notation of the orchestral parts. Davis's account was accurate and co-ordinated enough, but quite lacking in tension or rhythmic drive; the slow movement, which should melt into tingling reminiscences of the Midsummer Marriage soundtrack, and the scherzo hobbled through its bounding additive rhythms.

was the gap between preparation and performance that was never quite bridged here, an event to celebrate such a towering figure in British music needs a sense of occasion and that never seemed likely to be generated. Sylvia Marcovici's playing of Bartok's Second Violin Concerto (another wartime British premiere, with Menuhin as soloist) epitomised it all - accurate, well co-ordinated and often tellingly lyrical in an unexpectacular way, it could never gain a real sense of scale.

Andrew Clements

Bertice Reading at the King's Head

Bertice Reading will be appearing at the King's Head Theatre, Islington, N.1, from April 15 to May 21. Entitled Just a W.O.M.A.N., her jazz and blues show will be presented Tuesday to Saturday (8.00pm) and on Sunday at 3.00pm.

Antony Thornecroft

ARTS GUIDE

THEATRE

London

London stage after 10 years, (980 2574, cc 939 1430). Worsley production of the opera Vega classic by Cheeky Jay Judd director and designer Declan Donnellan and Nick Ormerod. The best National production in this venue since the Bill Bryson company, April 7-12, May 3-6 (928 2252).

Single Spies (Queen's). The highlight of Alan Bennett's double bill in a comic confrontation between Prunella Scales as Her Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. Simon Callow plays Guy Burgess in a rehash of Bennett's fine TV film An Englishman Abroad (734 1160).

New York

Shirley Valentine (Booth). Pauline Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean Sea. Jerome Robbins' Broadway (Imperial). Anyone attracted by the action of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy.

New York. Shirley Valentine (Booth). Pauline Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean Sea. Jerome Robbins' Broadway (Imperial). Anyone attracted by the action of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy.

Chicago

Driving Miss Daisy (Brinsford). The touching relationship between an elderly, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (542 4100).

Washington. Beggar's Opera (Folger). This eighteenth century view of London low life by John Gay gets inspiration from its Globe Theatre setting. Ends April 9 (546 4000).

March 31-April 6

slamming doors and lots of mugging. This new musical, Ends April 30 (254 3670). Chicago. Driving Miss Daisy (Brinsford). The touching relationship between an elderly, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (542 4100).

Tokyo. Kabuki. At the National Theatre (238 7411). Shinjuku Gaijinsai Tsukuru Ameza (O Tsuka's Death) depicts the uneasy relations between the upper and lower classes in the late 18th century and culminates a famous scene in which the leading character breaks a vow and turns back to drink. (541 3131).

NORWAY
Financial Times proposes to publish this survey on:
May, 2nd 1989
For a full editorial synopsis and advertisement details, please contact:
Chris Schaanningon 01-873 3699
or Gillian King on 01-873 4823
or write to them at:
Number One Southwark Bridge London SE1 9HL
FINANCIAL TIMES

SALEROOM
Question over Utrillo
Christie's kicked off the spring series of Impressionist and modern picture sales in London on Monday evening with an auction which was solid rather than sensational. The two most important items, a pair of Picasso's painted around 1920, sold within estimate, a Cubist 'portrait' of his future wife Olga selling for £4.4m to an American bidder and a Classical head making £2.5m.

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 01-873 3000 Telex: 822186 Fax: 01-407 5700

Wednesday April 5 1989

Too much, yet too little

ONE VIEW of the debt crisis is that the citizens of indebted developing countries should get out of their countries short, while the commercial banks of the developed countries took the long position. The proposals from Mr Nicholas Brady, the US Treasury Secretary, should then be viewed as an attempt to shift a portion of the risk yet again, this time onto the international financial institutions. Since the Europeans and the Japanese contribute substantially more to these institutions than the US, this is rather a clever way for a fiscally constrained US to resolve a major security concern at the expense of its allies.

The question is whether the US has been too clever by half. The debt reduction in the US has aroused enormous expectations in indebted countries. Brazil, for example, talks of cutting its external debt in half. But the official resources available are too small to meet such ambitious objectives, with the US authorities mentioning 20 per cent as the maximum that can be achieved. There is a danger that Mr Brady has undermined the muddling through of the past, without putting anything adequate in its place.

The somewhat grudging acquiescence of some European countries, notably the Netherlands, the UK and West Germany, is understandable. But it is short-sighted. The new US approach is an attempt to reduce the most heavily indebted developing countries will not, in fact, trade their way out of their debt problems. Losses must be taken. The questions are how, and what role official resources should play.

Drawbacks

One should recognise that all approaches possess drawbacks. Under voluntary debt reduction, the smallest benefits will go to countries that are most successful in their effort to adjust while banks that do not participate in debt reduction will benefit at the expense of those who do. But official involvement creates further problems. There is a valid objection to concentrating scarce resources on those who were rich enough to get into

Mr Gorbachev in London

MR MIKHAIL Gorbachev arrives in London tonight on his third visit in five years. More to the point, it is the first in a series of foreign visits Mr Gorbachev will be paying this summer, notably to China, West Germany, France and Italy.

While there clearly is a good personal rapport between him and Mrs Margaret Thatcher, it would be wrong to make too much of this. Mrs Thatcher should bear in mind that in his dealings with all of them he is pursuing his own diplomatic strategy, and that they still have a common interest to identify and defend. For many of them the Nato summit in May will be a less enjoyable occasion than their bilateral meetings with Mr Gorbachev, but agreement on a common Nato strategy should still be their aim.

That was presumably what Sir Geoffrey Howe had in mind when he spoke on Panorama, the BBC television programme, on Monday night, with his rather strained metaphor of the "well-stocked hatful of well-armed robbers" menacing the ability of the Soviet Union to remove or decommission a whole range of conventional weapons in Europe without seriously affecting its overall superiority.

But Mr Gorbachev will hardly try to pull a new rabbit out of the hat in each Western capital that he visits. He is more likely now to emphasise the need for progress in the various multilateral arms control negotiations, and he may well be clever enough not to raise with Mrs Thatcher the issue of short-range nuclear weapons, leaving it instead for Nato allies to quarrel about among themselves.

Substantive discussion

The subjects on which more substantive discussion can be expected during this visit are "regional" problems (notably Southern Africa and Afghanistan) and human rights. Mrs Thatcher will certainly express her appreciation for the Soviet role in helping to bring about last year's agreement on Angola and Namibia, and more especially for the continued Soviet support for the agreement and for the UN peace-keeping force in the last few days, when there must have been great pressure on Moscow

difficulties with commercial lenders and too incompetent to get out of them. Commercial creditors will also try to shift as large a share of the losses as possible onto the official sources.

Income distribution

Given all the risks, the Group of Seven industrial countries were right to insist that there is no moral or practical case for official support to generalised debt relief. It is important to remember not only the scale of capital flight, but also how income is distributed in key indebted countries. According to the World Bank, the richest 20 per cent of Brazilian households enjoy 67 per cent of national income, while the bottom 20 per cent makes do with a nagatory 2 per cent. If adjustment has borne heavily on the poor (as it has), why should this avoidable development concern the governments of the developed countries more than it has the élites of the countries concerned?

Extensive involvement of official lenders in debt relief can be justified only by correspondingly extensive policy assistance in its place. It is a way of rewarding the more competent and determined efforts for their adjustment efforts. How the financial assistance should be provided is a secondary question. Once losses on past loans are being recognised, however, debt reduction becomes a highly effective vehicle for official assistance.

At present the international institutions do not possess resources on the scale required without threatening either their own financial health (this being particularly true of the World Bank) or access to their funds of the more deserving. If the developed countries have accepted the case for official participation in debt reduction, they should take the next step, of creating substantial special funds for that purpose within the World Bank and IMF. Only when armed with substantial resources, can the international financial institutions hope to secure policy changes that will justify their taking more of the long position than they already have.

Hugo Dixon reports on the competition over high definition television

Europeans say they will be overrun by Japanese technology and American soap operas if they do not stand. Americans fear that parts of their computer and defence electronics industries will go the way of their consumer electronics industry unless they get into the race. The Japanese, meanwhile, complain that the Europeans and Americans are trying to stop an innovation that will benefit humanity out of an irrational fear of competition from the Far East.

The three-cornered fight over high definition television (HDTV), a new technology which will bring to people's sitting rooms pictures as sharp as those available on a cinema screen, has all the ingredients of a big drama.

This battle - which at one level boils down to how many scanning lines there should be on the TV sets of the future - has not been confined simply to the technical buffets, or even the world's industrialists. The issues have been portrayed as so vital politically, industrially and culturally that politicians have also been drawn into the fray.

Lord Young, the UK Trade and Industry Secretary normally known for taking a laissez-faire approach to trade disputes, backed the European solution to the row when he appeared in front of newly developed European HDTV cameras on the beach at Brighton last September.

French President Francois Mitterrand persuaded his European colleagues at a summit last December to sign a communiqué stressing the "extreme importance" of developing "Europe's audiovisual capacity."

Mr William Verity, the last Commerce Secretary of the Reagan administration, felt that the issue was so crucial that American companies should be allowed to club together not just to develop HDTV technology, but manufacture and market the sets at well - a proposal at odds with America's traditionally vigorous anti-trust policy.

European and American politicians are taking up such positions because they are convinced that the stakes in the HDTV war are high. At the root of their concern is the fact that Japan has made a big push to develop HDTV technology and will be ready to broadcast its own TV signals in four years ahead of their competitors.

European industry has fought back by launching an Ecu 200m (£305m) project, under the auspices of the EC, to develop its own version of HDTV.

This project is led by Europe's big TV manufacturers - Thomson of France, Philips of the Netherlands and Bosch of West Germany - and has financial backing from several governments. Broadcasts are expected to start some time in the mid-1990s.

The Americans are even further behind, mainly because the US television industry barely exists any longer. Thomson and Philips are now the major TV manufacturers in the US, and Japanese suppliers such as Sony and Matsushita also have a strong presence there.

Even so, 17 US companies - mainly from the computer, telecommunications and semiconductor industries - announced in January that they were considering setting up a joint venture to develop an American version of HDTV. The idea would be to do joint manufacturing and marketing as well

These separate initiatives mean that the world will go into the next century with three rival TV standards

project, under the auspices of the EC, to develop its own version of HDTV.

This project is led by Europe's big TV manufacturers - Thomson of France, Philips of the Netherlands and Bosch of West Germany - and has financial backing from several governments. Broadcasts are expected to start some time in the mid-1990s.

The Americans are even further behind, mainly because the US television industry barely exists any longer. Thomson and Philips are now the major TV manufacturers in the US, and Japanese suppliers such as Sony and Matsushita also have a strong presence there.

Even so, 17 US companies - mainly from the computer, telecommunications and semiconductor industries - announced in January that they were considering setting up a joint venture to develop an American version of HDTV. The idea would be to do joint manufacturing and marketing as well

to come out in support of SWAPO. Mr Verity probably also wish to explore with Mr Gorbachev the possibilities of involving the Soviet leaders in a new effort to bring about change by negotiation and without further violence in South Africa itself.

King for the Treasury?

■ Ian Byatt's appointment as director general of the new Office of Water Services creates a job vacancy of some importance in the Treasury.

Byatt, the deputy chief economic adviser, was the top micro economist at Great George Street, with responsibilities for tax reform and the regulation of nationalised industries.

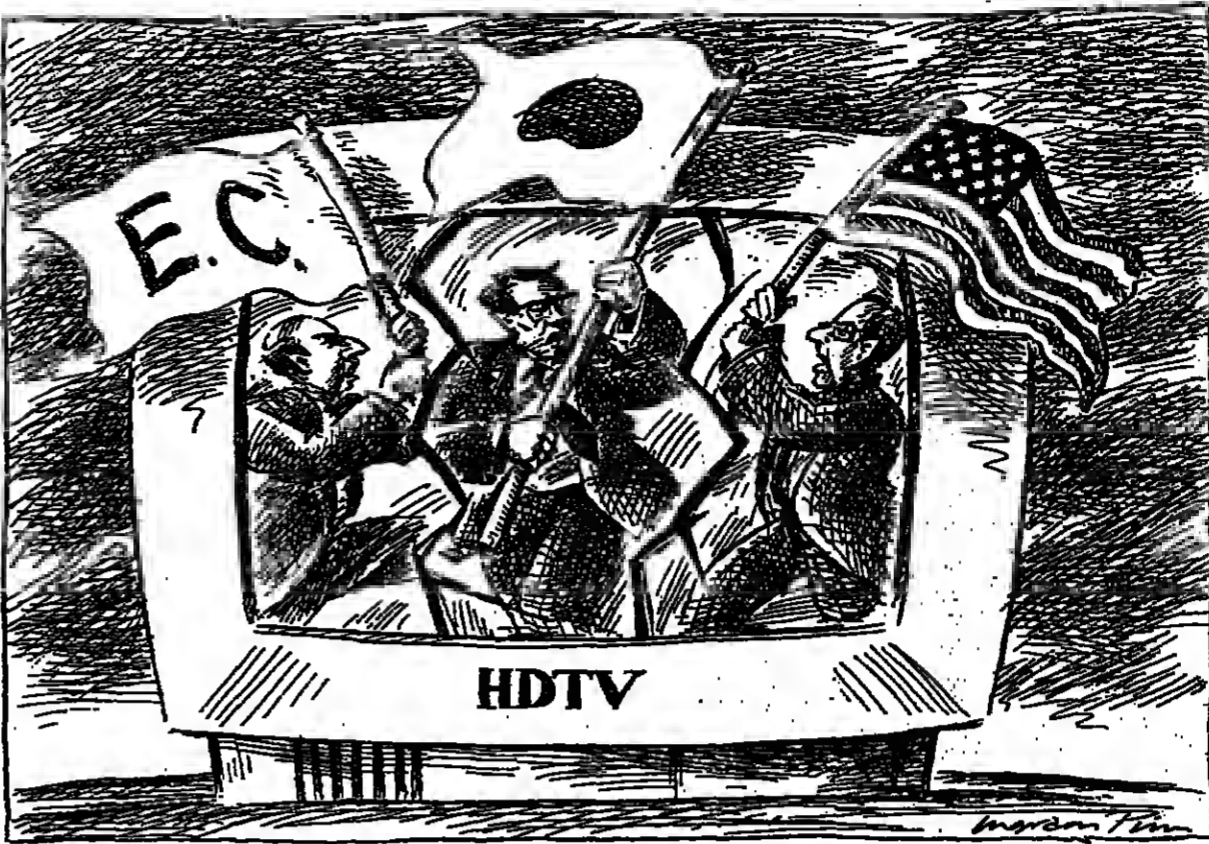
Despite Byatt's efforts and Chancellor Lawson's rhetoric about supply-side reform, microeconomics remains a backwater in the Treasury, more than 70 per cent of its economic staff are employed in economic forecasting or macroeconomic analysis. That is a smaller proportion than in the 1960s, but is hardly the structure required for the 1990s.

The best way to raise the profile and quality of Treasury microeconomics would be to appoint a dynamic outsider as successor to Byatt. One person who springs to mind is Mervyn King of the ISE. Such an appointment would raise the likelihood of radical tax reforms in the 1990s. Besides, he is already something of an insider, having had an influence on last month's budget.

An academic of King's quality might not want to play second fiddle to Sir Terence Burns, the chief economic adviser. But Burns, a forecaster, has been in his job almost as long as Margaret Thatcher has been Prime Minister. He must surely return soon to the private sector. And the eventual replacement of a forecaster by a microeconomist would signal a real commitment to supply-side policies.

In the red

■ The small Japanese bank which changed its name from Sanyo Sogo to Tomato Bank



The battle to enter your living room

as R&D, on the lines of Mr Verity's comments.

The upshot of these separate initiatives is that the world will go into the next century with three rival TV standards. To understand why, it is necessary to appreciate the fact that electronics companies in Europe and America have of Japanese industry. They have seen the Japanese pick off electronics markets one by one - audio equipment, photocopyers, facsimiles, memory chips - and are scared that Japan will consolidate its already strong position in the television market as well.

If the Japanese proposals on HDTV are accepted, the argument runs, they would have a head start of several years which would enable them to drive their competitors out of the market place. That in itself would be bad enough.

Much worse, though, is the possibility that Japanese companies would use their lead in HDTV to oust their competitors from a series of other high-tech industries which could be profoundly changed by the advent of HDTV. This concern explains why companies such as IBM, the world's largest computer company, and AT&T, the telecommunications giant, are involved in the American initiative.

The principal industries which would be affected by HDTV are:

- Computers, because the high-quality pictures developed for HDTV could be used for computer screens;
- Semiconductor, because HDTV sets would consume large quantities of memory chips and microprocessors;
- Consumer electronics markets, such as video recorders, which would have to dovetail with new TV sets;
- Certain defence, medical and factory automation markets, which could

be revolutionised by the availability of sharper images.

It has been suggested, for example, that HDTV could have stopped the tragic shooting down of the Iranian airliner last year, because the US warship would have had a better radar picture, helping it to identify the aeroplane as a civilian one.

Some observers feel that the importance of HDTV has been hyped by Western companies which are feeling the pinch of competition from the Far East and want governments to subsidise their research efforts. They also question whether playing around with standards will buy Western industry more than a brief breathing space. Other observers wonder whether consumers will buy the products, given that they will cost about £2,500 (roughly £1,500) each when they first appear.

The consensus among market researchers, however, is that HDTV will be big business, even though it may take a long time coming. IBM's Mackintosh, for example, predicts that worldwide sales of HDTV sets will reach \$6bn in 2000 and then jump to \$18bn in 2010.

Meanwhile, Jonathan Drazin, an HDTV specialist at Dataquest, says that related markets such as computer screens could be as important as the market for the TV sets themselves. He dismisses as alarmist, however, predictions made by some that the US could be driven out of the chip business if it does not get into HDTV.

The Europeans and Americans have not confined their criticism of the Japanese proposal to the possible industrial damage. They have also been making great play of their claim that the Japanese system would

require consumers to throw away their existing TV sets.

This claim results from the fact that there is no single standard even for the present generation of TV sets. The Japanese and American have 625 lines on their TV screens, while Europe and most of the rest of the world have 525 lines.

Neither of these systems gives particularly good reception, mainly because the lines are not packed together tightly enough and the pictures do not change sufficiently quickly. These deficiencies lead to fuzzy images and pictures that flicker.

HDTV overcomes these problems by increasing the number of lines and adding fancy electronic gadgets to manipulate the image. The argument is over precisely how many lines there should be on the new sets. The Japanese have chosen 1,125, the Europeans are going for 1,250 and the Americans are likely to pick 1,350, although they have yet to make their minds up.

What the Europeans and Americans object to is the fact that 1,125 is not a simple multiple of either 525 or 625, with the result that the Japanese system will not be compatible with any existing TV sets. Their solutions will be compatible, they argue, because 1,250 is double 625 and 1,050 is twice 525.

The Japanese response to these criticisms is that the European HDTV standard will not be compatible with existing TV sets either. "As soon as they start talking about compatibility with existing receivers, they have to stick with the past," says Mr Masahiko Morizono, Sony's Vice President. "Don't be taken in by the magic word 'compatibility'."

Cutting through this highly charged debate is tricky. In the modern world of electronics, there is no such thing as complete incompatibility. One standard can always be converted to another, although there are costs in doing so.

When HDTV broadcasts begin, it will therefore be possible to receive them on conventional TV sets by adding a converter. Viewers would not be able to enjoy the full glory of HDTV - they would have to buy completely new sets to do that - but they would be able to watch ordinary low-quality pictures.

The difference between the European and Japanese systems is the degree of incompatibility - in other words, the cost of conversion. It would be fairly cheap to convert a Japanese set to Japanese HDTV or a European set to European HDTV. Converting a Japanese set to European HDTV or a European set to Japanese HDTV, however, would be prohibitively expensive, says Dataquest's Mr Drazin. For this reason, the Europeans would, in practice, have to throw away their existing sets if the Japanese system were adopted and vice versa.

The argument over compatibility has succeeded in driving the world into opposing camps and no compromise now seems possible.

The question is whether this matter? The Japanese say it does. Their industry has already spent about \$700m developing HDTV and they believe the Europeans and Americans are wasting their money by duplicating this effort. "They are putting a lot of money into inventing another wheel," says Mr Morizono. "All development costs will have to be borne by consumers."

Consumers would also suffer because the cost of making films and television programmes will be higher than it need be, argues Mr Morizono. One of the attractions of HDTV is that the picture quality is so good that the movie industry might be enticed to use it for making films. This would mean that programmes could be made for both cinema and TV, with the same equipment and there would no longer be any need to go through the time-consuming business of converting programmes from one medium to the other.

However, the standards war might deter the industry from making the switch from celluloid, as it would not

The Europeans would, in practice, have to throw away their existing sets if the Japanese system were adopted

know which system to pick. Similarly, a single HDTV standard would allow programmes made in one country to be shown automatically in other countries. As advances in communications make the world a smaller place, such cross-fertilisation will be increasingly important, says Mr Morizono.

"From a human culture point of view, we have to exchange programmes so that people can learn about each other. If you have two or three separate standards, this makes it impossible," he says.

Although a single world standard for HDTV would from one point of view be ideal, it is far from clear that the damage from having several will be as great as Mr Morizono claims. There will always be ways of transferring programmes from one system to another. Moreover, while this will certainly add to costs, the extra expense will probably be much less than if consumers in Europe had to throw away their existing sets.

OBSERVER

has made a big hit with its customers. When the change of name came into effect on Monday, people queued to open new accounts and secure bank books emblazoned with a ripe red apple. The bank took a 50 per cent increase in total deposits by almost 15 per cent.

Tomato Bank said the name had an even bigger impact than it had expected. Four times more customers came through its doors than usual - 43,700 people, some of whom waited for more than an hour for their bright red bank books. The bank had also printed a more modest version in black and white, but few customers wanted it.

No Ministers

■ The one consensus that has emerged so far from this week's trade meeting in Geneva is that Ministers are definitely not wanted. Clayton Yeutter, the US Secretary of Agriculture, has had to cancel a planned informal visit after a deluge of complaints from other countries, worried that he was trying to sneak in through the back door to a meeting that has been strictly labelled "for senior officials only."

Some countries such as Austria threatened to send their own Trade Minister, if Yeutter persisted with his plan. As US Trade Representative in the Reagan Administration, all Yeutter wanted to do was say goodbye to his old colleagues.

Brady's lapse

■ Nine months as US Treasury Secretary has not improved Nicholas Brady's standing with his fellow finance ministers. At a meeting in Washington on Monday of the Group of Ten to discuss the finances



"What shall we do with a drunken sailor?"

of the IMF, Brady started reading each on a wholly different subject for the meeting of the policymaking Interim Committee, due to start an hour later. When called upon to intervene in the discussions, he appeared to concede a point which the leading industrial countries had previously agreed not to.

European finance ministers and central bank governors are also tiring of Brady's repeated promises that the US is determined to reduce its budget deficit. "Controlled impatience" was the reaction of one European minister.

Nigel Lawson produces even stronger reactions, particularly from France's finance minister, Pierre Bérégovoy. Referring to the debate at the World debt, Bérégovoy talked of "traditional recalcitrants" like Britain. When asked whether sterling should be a full member of the EMS, he said it might provide a certain amount of discipline to help contain inflation, yet the decision lay not with Lawson but

with "Madame Thatcher".

Banks on show

■ The big five English clearing banks are about to appear on the same platform for the first time, though it has taken the Americans to bring them together.

Note the "big five": The Americans are very taciturn; the fifth is the TSB Group. Note also the word "English". If it had been British, it would have offended the Royal Bank of Scotland, which is not represented.

The occasion is the first Global Banking Conference to be held by Salomon Brothers in New York tomorrow and Friday. It was thought up by William Vincent, the Salomon banking analyst in London, and Tom Hanley, their analyst in the US. But it will not be just another conference on the state of the world economy.

Vincent says that the idea is also non-US banks to explain what they are doing to an invited audience of Salomon's American customers. They might, for example, want to talk up their share price by persuading Americans to invest in them.

The conference will become an annual event. The British banks will not always be represented so prominently, however. Along with the Spanish, they make easily the most powerful contingent this week.

The only German bank on the platform is the Deutsche. Next year, says Vincent, Salomon might be looking more to the Swiss, the French and the Japanese banks. So the British had better make their pitch while they can.

Almost there

■ Overheard: "My wife and I finally settled last night what kind of a holiday we want this year. All we have to do is find a beach in the country."

Notice of Redemption

COMSAT International N.V.

12% Guaranteed Debentures Due 1989/1991
Unconditionally guaranteed as to principal and interest
by Communications Satellite Corporation

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 1, 1989 among COMSAT International N.V. (the " issuer"), Communications Satellite Corporation (the "Guarantor") and The Chase Manhattan Bank, N.A. as Trustee, all of the above-mentioned Debentures (the "Debentures") will be redeemed on May 1, 1989 on the Redemption Date at a price of 100% of the principal amount thereof plus accrued interest to the Redemption Date. Payment of bearer Debentures will be made upon presentation of the same otherwise due for payment, payment of registered Debentures will be made upon presentation and surrender of the Debentures at the addresses of the Trustee or the Luxembourg paying agent as designated below. Interest on the Debentures will cease to accrue from and after the Redemption Date. Payment of bearer Debentures will be made at any of the following paying agencies listed below:

The Chase Manhattan Bank (Luxembourg) S.A.
5 Rue Pissart
L-2338, Luxembourg-Grand

Barclays Bank plc
10 Bockenhurst, London EC4A 3DF
Frankfurt, A.G. 1
West Germany

Branch of Commerce S.A.
57-60 Avenue des Arts
B-1040 Brussels
Belgium

The Chase Manhattan Bank, N.A.
London Branch
Woolgate House, Coleman Street
London EC2P 2AD
England

The Chase Manhattan Bank, N.A. Trustee
Corporate Bond Redemption
Box 2020
1 New York Plaza, 14th floor
New York, New York 10038

Payment of registered interest due on the Redemption Date will be made in the usual manner.

Payment pursuant to presentation of Bonds for redemption in New York, New York, or other payment made within the United States, including a payment made by transfer to a United States-dollar account maintained in the United States, will be subject to reporting to the IRS and to backup withholding of 20% of the gross proceeds (including premium) if a payee fails to provide the paying agent with an executed IRS Form W-9 in the case of a non-U.S. person or an executed IRS Form W-9 in the case of a U.S. person. Those holders who are required to provide their correct taxpayer identification number and who fail to do so may also be subject to an IRS penalty of U.S. \$50. Accordingly, please provide all appropriate certification when presenting the Bonds for payment.

COMSAT International N.V.

By: The Chase Manhattan Bank, N.A.,
Trustee

Dated: March 29, 1989



Mr Shamir goes to Washington

Lionel Barber and Andrew Gowers examine the changing nature of the relationship between the US and Israel

For Mr Yitzhak Shamir, the Israeli Prime Minister, who arrives in Washington for talks today, his American patrons' Middle East policy is proving just a little too active for comfort.

For President Hoshi Mubarak of Egypt, who visited the White House on Monday, the Bush Administration is not pushing hard enough for peace negotiations in the region.

For both men, it should be clearer by the end of the week whether the Bush Administration is preparing for a serious effort to restart the Arab-Israeli "peace process".

Over the past 10 years — since the US-mediated Camp David accords between Israel and Egypt — progress has been glacial. Washington's sporadic efforts to engineer peace with Israel's other Arab neighbours, or at least to control the damage, have often led it in the position of a bruised bystander.

The Bush administration's watchword, therefore, is caution. The dialogue with Palestine Liberation Organisation launched by the Reagan Administration last December may be forcing all parties to reconsider their positions and may have opened up new mediation possibilities. But Mr Bush has been anxious to squash any suggestion that he might try to force a reluctant Israel into negotiations or seek to impose a solution.

In the face of calls for immediate preparations for an international peace conference, US officials reply that the time is not ripe; they talk of "filling the ground" until the regional parties are ready to move towards direct negotiations.

This partly reflects the character of the US Secretary of State, Mr James Baker, who has little inclination for Grand Designs. The new Administration's low-key approach also reflects, however, changing perceptions of the nature of the conflict.

A Washington study group which included two of Mr Baker's key aides argued last year that the Palestinian uprising (or *intifada*) in the Israeli-occupied West Bank and Gaza Strip is making traditional American styles of mediation redundant. It has shifted the emphasis from an inter-state conflict with overtones of superpower rivalry back to the original core of the dispute — that between Israelis and Palestinians within what used to be Palestine.

The internal problems of America's closest regional ally, Israel, have become more sensitive and apparently intractable. But the ostensible motive for US involvement in the search for peace during the 1970s — the need to combat Soviet penetration — has become less pressing, despite Mr Edward Shevardnadze's recent headline-making regional tour. Moreover, there is not the sense of alarm generated a decade ago by Arab oil power.

"The *intifada* may have made the achievement of an Arab-Israeli settlement more urgent, but it seems also to have rendered a negotiated solution less possible," said the study group.

This is not to say that the US has been inactive or that many Israelis are not deeply worried about the future of their ties with their key supporter. Israel's top strategic think tank, the Jaffee Centre, predicted last month that if the status quo persists in the occupied territories, the relationship could now be in for a slow process of attrition.

Mr Shamir's national unity government, still reeling from the US decision to override its objections and talk to the PLO, has failed to persuade Mr Baker to abandon the dialogue. It is difficult to overstate the setback this constitutes for Israeli diplomacy, formerly based on the premise that Washington would consult it on every step in the region.

Mr Baker has now outlined a series of tension-reducing, confidence-building measures which he wants Israel and the PLO to accept in order to lay the foundation for direct talks between the parties. He has also asked Mr Shamir to bring some "new ideas" in order to avert ruptions in the US-Israeli bilateral relationship.

It is not clear what will qualify. Mr Shamir's aides have indicated that he may propose a scheme involving elections in the occupied territories in which Palestinians can choose representatives for negotiations with Israel.

The PLO is not going to sanction such a move without recognition of its own role in the peace process and while both the US and Israel rule out its goal of an independent Palestinian state.

Nevertheless, the wily Mr Baker has already twice stated in Congressional testimony that he is not prepared to dismiss the idea of future Israeli-PLO talks, saying: "It would be wrong for us categorically, absolutely, totally and completely to rule out under any circumstances any dialogue which might lead to peace."

In so doing, he has deliberately uttered what for many years in the US was the unutterable. A similar shift of language was noticeable in Mr Bush's comment after his meeting with Mr Mubarak on Monday, "Egypt and the US share the goals of security for Israel, the end of the occupation, and achievement of Palestinian political rights," he said. It is unlikely that President Reagan would have made such a reference to "the occupation. And, in another comment which is unlikely to have pleased Mr Shamir, the US President went on to repeat his commitment to "a negotiated settlement, towards which a properly structured international conference could play a useful role at an appropriate time."

What was once rock-solid public support in the US for the state of Israel still continues, but it is no longer unquestioned. Moreover, it is matched by polls showing that the majority of Americans who favour the US-PLO dialogue have grown to two-thirds. TV coverage of the Israeli army's suppression of the Palestinian *intifada* is taking its toll on US public opinion; some surveys show almost one in two Americans hold a negative impression of Israel. And as the Israeli image suffers, so the PLO image continues to improve.

The shift in political mood is reflected in the American Jewish community, traditionally one of the best-organised and most vociferous political constituencies in the US. Most American Jews have acquiesced in the dialogue with the PLO, providing that the Organisation adheres to its verbal renunciation of violence. "We are worried," says Mr

Henry Siegman, executive director of the American Jewish Congress, "but we are not active."

This stance takes the pressure off Congress, although a few core supporters of the Israeli Government have voiced dissent. This is countered by veiled warnings from others that in an era of budgetary constraint, Israeli human rights violations may damage the case for generous US foreign aid — which amounted to \$2.5bn under President Reagan and which remains a vital lifeline for Israel. Most observers dismiss the notion of pressure through foreign aid cutbacks: "It is too crude and it would backfire," said one Congressman.

But a senior State Department official detects uneasiness in Capitol Hill at the proportion of the aid cake — 35 per cent of the total — allocated to Israel and Egypt alone.

Mr Baker is evidently seeking to encourage a step-by-step process which would eventually involve some form of direct negotiations between Israel and the Palestinians, international approval and the implementation of interim peace measures over several years before the final status of the territories is resolved.

The hallmark of such a plan is its down-to-earth, practical approach which depends on further movement by the parties themselves, and especially by the PLO. Mr Barry Rubin, an analyst with the Washington Institute, says it can only work if the PLO continues its apparent metamorphosis into a non-terrorist organisation which is prepared to recognise the state of Israel. "If the PLO does not move, then the US will not push Israel," he says.

Whether this is enough to bring about a negotiation is another matter. The PLO, which clings to the belief that the US can be induced to deliver Israel to the international conference table, has been showing impatience at the slow pace of American activity.

Nevertheless, Mr Siegman is one of many American Jewish leaders who believe, like Mr Shultz, that external events are pushing Israel. What is unclear is the degree to which this is recognised by Israeli political leaders.

Reform in the Soviet Union

The solution lies in the co-operative movement

By Victor Vladimirovich Aksyutich

It is obvious that President Mikhail Gorbachev is pressing for radical reforms in all aspects of Soviet life. However, one must ask what these reforms really are and how they affect the ordinary Soviet citizen. Without understanding this, the West will fail to understand exactly what Mr Gorbachev is attempting to achieve.

The reforms are aimed at the emancipation of creative initiative and responsibility by both the state and the individual. In fact, the rhetoric promises more than it delivers. It speaks of free enterprise (in coded terms), freedom to trade with other countries, the opportunity to lease land and buy flats, the rights of the individual and freedom of expression.

Yet, in the past four years, life in the Soviet Union has changed little for ordinary people. Of the thousands of co-operatives formed in the past two years, the majority still face tremendous hurdles in overcoming the bureaucratic dominance of the system. The resolution passed at the end of 1988 will only serve to curtail the activities of those prepared to follow the reforms through.

The opportunity to voice alternative ideas is only allowed when it does not threaten the supremacy of the Communist bureaucracy — those that do speak out still suffer imprisonment, harassment and psychiatric internment.

Yet, the opportunity for genuine and far-reaching change does exist. Mr Gorbachev has released a genie that will not go back into the bottle. He cannot turn back since he can no longer rely on the support of the Communist old guard, such as Ligachev, or the lower echelons of the bureaucracy. He has only one option — to move forward. To do this he must align himself with his real supporters — those who have attempted to put his reforms into practice. These are those in the co-operatives, who are attempting to devise new solutions — although not communist — to today's problems. If Mr Gorbachev continues to ignore such people, the frustrations will fester and find less constructive forms of expression.

Having unleashed the forces, Mr Gorbachev must use his new position as head of state to push through radical reforms to gain the support of the new civic society which his reforms have created. If he does this he will transform himself from a leader of the Party to a leader of the country. This is the only chance he has to preserve and stabilise his own power. Unless he does so, and quickly, the social forces which he has unleashed may pull him down from his Party pedestal.

It appears that Mr Gorbachev understands this and is beginning to build a new power base in the soviets (local councils). Whilst it is hoped that power will gravitate towards the state apparatus rather than the Party apparatus, Mr Gorbachev must include the many other groups which have formed. And the final step must be to allow reforms to be tackled in a more coherent and forceful manner and to commence transfer of decision-making away from the central Party structure.

Even this will not be enough. Mr Gorbachev must also allow the formation of a civic society. This requires tolerance from the authorities, which should extend to those disagreeing with the Party line. Tolerance of alternative ideas is the keystone to a civilised society and the means to progress and development. Without tolerance, society becomes distrustful, deceitful and destructive. Men with dreams and visions turn inward or cease to exist. Society stagnates.

There is a new breed of man in the Soviet Union today: a radical, educated and committed patriotic entrepreneur. Even I am surprised at the speed and extent of this phenomenon. If the West wants constructive reform in the Soviet Union, then it should not support Mr Gorbachev directly. Instead it should support the independent-thinking part of the civic society which is becoming the main prop for his reforms.

By supporting Mr Gorbachev alone, the West will risk failure of the reforms and only succeed in drowning the reformer. By supporting the prop on which Mr Gorbachev must rely to survive, the West will help the Soviet President and allow reform to proceed along its natural course. The author, who has been involved in various dissent activities, is currently editor of a monthly *Christian Journal*, *Viber (Choice)*, published in the Soviet Union, as part of a co-operative venture.

requires courage, patience and a vast amount of time spent dealing with bureaucracy. Finance has to be raised. Raw materials must be obtained — control of which is governed by the state. Workers have to be found who are prepared to take the risk of either earning nothing or a lot. Then one must find a market.

From April, co-operatives will be allowed to form trade agreements with Western companies. To ensure that this happens and that the new restrictions are not added to, it is vital that Soviet companies seek out Western co-operatives with which to trade.

This is important for three reasons. First, if Western companies want to trade and not simply entangle themselves in red tape, the co-operatives are the best option. Second, if the co-operative movement is to survive and develop it must expand its markets — both to sell goods and acquire goods to sell in the home market. Third, the co-operative movement offers the ordinary people of the Soviet Union hope of improving their standard of living, using their initiative and escaping from the dogma of state control.

There is a new breed of man in the Soviet Union today: a radical, educated and committed patriotic entrepreneur. Even I am surprised at the speed and extent of this phenomenon. If the West wants constructive reform in the Soviet Union, then it should not support Mr Gorbachev directly. Instead it should support the independent-thinking part of the civic society which is becoming the main prop for his reforms.

By supporting Mr Gorbachev alone, the West will risk failure of the reforms and only succeed in drowning the reformer. By supporting the prop on which Mr Gorbachev must rely to survive, the West will help the Soviet President and allow reform to proceed along its natural course. The author, who has been involved in various dissent activities, is currently editor of a monthly *Christian Journal*, *Viber (Choice)*, published in the Soviet Union, as part of a co-operative venture.

Forming a co-operative

LETTERS

Calculated in figures

From Sir Donald MacDougall.
Sir, The Treasury's Autumn Statement in November 1988 contained a table which showed, *inter alia*, productivity in manufacturing rising by 4% per cent a year between 1979 and 1988.

This was compared, quite legitimately, with two earlier periods, both between cyclical peaks: 1964-1973 and 1973-1979. Since then, estimates of recent levels of productivity in manufacturing have been revised upwards, resulting in a downward revision of productivity growth between 1979 and 1988 to 4.2 per cent a year — which makes the comparison with 1964-1973 less favourable.

Could it possibly be for this reason that, in the Financial Statement and Budget Report published on Budget Day (March 14), the corresponding table compares different periods, the last being 1969-1988, which shows manufacturing productivity rising by 5% per cent a year?

This seems to me misleading as an indication of the trend, growth rate, because manufacturing productivity was at a trough in 1980, 4 per cent below the 1979 figure.

Donald MacDougall, 98a Denbigh Street, Westminster, SW1

Restrictive practices at the Bar

From Mr Philip Harris.
Sir, In the course of his attack on the Lord Chancellor's green paper, Lord Alexander welcomes bringing legal services within the ambit of the Restrictive Trade Practices legislation, as the Government proposes in its green paper of March 1988 on that subject.

It is a pity that this voice-face on the part of the Bar has come so late in the day.

My impression is that the legal profession and its supporters bitterly resisted the inclusion of their services within the 1973 Fair Trading Act (see Schedule 4).

I do not know when they changed their minds, but if the problem had been dealt with more gradually under that act, other services, it might not now need what they complain is precipitate action.

In this connection a further point may not be without pertinence.

Time and time again, parties required to demonstrate, under the restrictive practices legislation, that their restrictive practices were not contrary to the public interest, have strenuously argued that abolition would have led to higher prices, reduced availability, inadequate services, or other serious, detrimental effects on users and consumers, or variants on the end of civilisation as we know it.

It was obviously felt in some quarters that a school ought also to benefit everyone — teachers, local community, juniors — oh yes, and the children (I almost forgot). The same could have been said, at least until recently, of the NBS, Heathrow Airport, and others which had plainly lost their way.

Surely what we want is not, more gradually, under that act, other services, it might not now need what they complain is precipitate action.

Gas profits

From Mr Ivan Whitting.
Sir, Lucy Kellaway's article on British Gas (March 30) contained several illustrations of the gap between reality and perception about the performance of the company since privatisation, which we must work harder to close.

She says that results so far have left the City disappointed with profits static at firm in the first year as a publicly quoted company. The reality gives quite a different picture.

After adjusting for the massive change in debt structure introduced on privatisation, after-tax profit on a historical cost basis (the basis preferred by City analysts) went up from £577m in 1986 to £691m in 1987 and then to £1.6bn in 1988.

This last figure is the actual output in a particularly warm year, which held profits back by about £70m. This strong underlying growth in profitability was reflected in a 23 per cent increase in the dividend in 1988, compared with the 1987 *pro-forma* dividend of 6.5p as set in the prospectus.

Such results are hardly the grounds for "disappointment" — our results in 1987 and 1988 have been significantly higher than City analysts' forecasts at the time of privatisation in the autumn of 1986, and those made subsequently.

Ivan Whitting, British Gas, 152 Grosvenor Road, SW1

Government of the people...

From Miss M. Watchorn.
Sir, Democracy means representation for all the people. Proportional representation is not practical, but the UK could have a system of election, rather than one largely of rejection.

The recent Soviet election has been most interesting. There, a candidate has to obtain 50 per cent plus of votes cast to be elected — none of the Westminster system of sliding in on a minority vote. A no-majority entails a second election which, interestingly, allows the introduction of new candidates — not limited to Party members.

This results in a much wider representation of the people as a whole than that which can be obtained from a political-party-only system.

When people can choose, and can vote for a candidate who most represents their views

and wishes, they will use their vote rather than abstain, as many UK voters now do. We could have a democracy in Britain where a minority-vote government would be impossible. We would have no more of this Government's allegation that "the people" voted for "commercialisation of the water supply and electricity, and for the poll tax — all of which are bitterly resented."

It is impossible for a one-day election to be democratic; there must be some form of vote re-allocation. The Soviet system seems to me better than the transferable vote: it allows for reaction to the first results.

I particularly like the Soviets' "reject" vote. That is real democracy. Some of their electorate must have enjoyed that.

M. Watchorn, 53 Priory Road, West Bridgford, Nottingham

Focus on beneficiaries

From Mr John Argent.
Sir, Mr Lundy suggests (Letters, March 31) that companies should aim to benefit three different groups of people: employees, shareholders and customers. But if he invokes the "stakeholder theory" in this way, he should logically go on to include all the other categories of a company's stakeholders: suppliers, the local community, the state, the environment and so on.

Theoretical and practical difficulties quickly arise. I am amazed that anyone still believes that it is possible to manage such multi-purpose organisations, where management is called upon to act as a sort of Father Christmas, dishing out benefits without any trade-off rules to show who should get what.

But it is not only company managements whose focus has been clouded by this theory. It



Why flying Alitalia with American Express will suit you.

Going on a business trip doesn't have to be all hard work. Sometimes it can be rather enjoyable. Like when you fly Alitalia Eurobusiness. We serve you with style from the moment you step on board. That certain Italian chic the rest of the world can't quite equal. And now we're offering you an extra taste of style. At no extra cost. Because when you book an Alitalia Eurobusiness return flight from the UK to Italy using the American Express Card, we'll give you a rather stylish suit carrier, exclusively designed for the discerning business traveller. All you have to do is send your name, address and American Express Card Account Number, together with your portion of the Alitalia passenger ticket and the Alitalia boarding passes from both your outward and return flights, to: American Express, PO Box 561, Brighton BN2 3TP; and we'll send your suit carrier off to you. Now how does that suit you?

All flights must be taken between 1st April and 30th June 1989. This offer closes 31st July 1989.



Europe's 3rd largest airline.
Alitalia

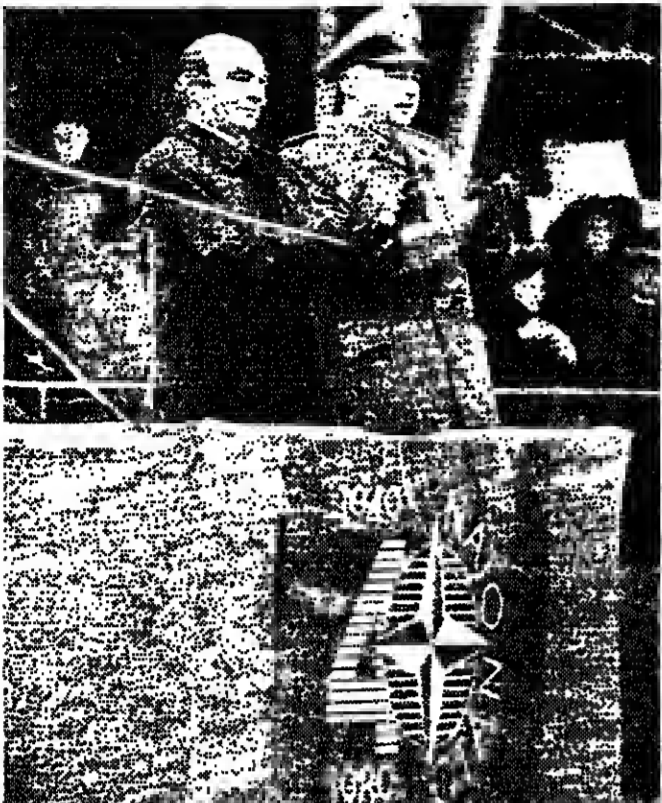


FINANCIAL TIMES

Wednesday April 5 1989

brother MICROWAVES KNITTING MACHINES INDUSTRIAL AND DOMESTIC SEWING MACHINES

Bush to visit Europe for Nato celebration



Mr Manfred Wörner, Nato Secretary General, (left) and General Wolfgang Altenburg, chairman of the military committee, during yesterday's 40th anniversary celebrations

By Our Foreign Staff

PRESIDENT George Bush yesterday announced plans to travel to Europe next month to attend a special meeting of the North Atlantic Treaty Organisation (Nato) celebrating the 40th anniversary of the alliance.

Speaking on the actual anniversary of the treaty, the President also said he would "visit allied leaders in Rome, Bonn and London."

Mr Bush, who was addressing a group of ambassadors from Nato countries in Washington, said the alliance "not only keeps the peace and freedom of the Atlantic world, it has made possible the common effort to build a more constructive relationship with the East. By any standard, Nato has been a resounding success."

In another speech marking the anniversary, Mr Manfred Wörner, the West German Nato Secretary General, said in Brussels that the alliance would increasingly become an instrument of political change, although he stressed that its military rationale would remain whatever happened in the Soviet Union.

Elaborating new justifications for Nato at a time when many in the West are questioning its future military purpose, the secretary-general said the

alliance would also be needed to "serve as a forum to balance and reconcile different European and American interests, be it in the political or economic field."

Short of the break-up of the Soviet Union, Mr Wörner suggested, there never would be a time when Western Europe would not need Nato to tie the US into its security and to counter-balance Soviet dominance in Europe and Asia.

"If you look at current (Soviet) intentions, you will not feel threatened," he conceded. He told a newspaper that he believed President Mikhail Gorbachev "does not want to wage a war - he is trying to reform his economy and society." But the Soviet military capability was undiminished, and even with Mr Gorbachev's proposed 10 per cent unilateral defence cuts it would still predominate over that of Nato.

Mr Wörner, the first West German to be Secretary General, spelled out a vision of NATO contributing to a Europe that is stable on the basis of self-determination for all its peoples to overcome its unnatural division and that of Germany.

Leaders of Nato's 16-member countries will hold a belated

40th anniversary summit in Brussels in May when they are expected to define a "comprehensive concept" for arms control and their view of the future political course of East-West relations.

Stressing political change as a theme of Nato's fifth decade, he seemed to have the West as much in mind as the East. In addition to helping reconcile US-European political and economic interests, Nato would be needed "to protect the emergence of a Western European identity and to serve as a platform for re-allocating security roles and risks between the US and Western Europe, he predicted.

Touching on the sensitive issue of Western Europe developing further a specifically defence identity, Mr Wörner described the nine-member Western European Union (WEU) as an "apt" vehicle for this, on two conditions: WEU must remain open to accepting other European members of Nato, and open to working with the Nato framework in general.

However, the Nato secretary general explicitly rejected recent suggestions in the US that the West attempt to regulate the pace of change in Eastern Europe.

Soviet scientist free to travel to the West

By Our Foreign, Diplomatic and Political Staff in Havana and London

WHILE Soviet leader Mikhail Gorbachev last night prepared to sign an historic co-operation treaty with Cuba before leaving for an official visit to Britain, his Government made a significant goodwill gesture by announcing that a Soviet scientist would be allowed to travel to the West for urgent medical treatment.

The decision to allow Mr Georgi Samoilovich, 67, who is reported to have lymph cancer, to leave his country temporarily after persistent British representations was described in London as "a considerable achievement in Anglo-Soviet relations."

Mr Samoilovich, who has been offered free medical treatment in London and the US, had not been allowed to leave the Soviet Union earlier because the Government claimed that he had state secrets gleaned when employed

A MEMBER of the official Soviet delegation visiting Britain in advance of Mr Mikhail Gorbachev's arrival tonight said that a "small" leak of radioactive gas into the atmosphere occurred during an underground nuclear test in Semipalatsk, Kazakhstan, on February 12, writes James Blitt in London.

Mr Olzhas Salameinov, Chairman of the Union of Writers in Kazakhstan, said he had helped found an anti-nuclear pressure group after the accident.

Mr Salameinov claims the group, called "Nevada" (after the American desert in which similar nuclear tests are conducted), has forced the Soviet authorities to stop two further tests. He hopes to encourage activists in the Nevada desert to set up a twin group. "I hope they will call it Semipalatsk," he says.

by the Defence Ministry.

His is one of several human rights cases due to be raised by Mrs Margaret Thatcher during the Soviet leader's visit.

Meanwhile, the 25-30 Friendship and Economic Co-operation Treaty, to be signed with Cuban President Fidel Castro, is aimed at delineating the strategic relationship between the Soviet Union and Cuba

well into the next century.

The treaty is expected further to strengthen economic and trade links between the two countries and to lay the basis for co-ordination on major foreign policy issues.

This will be particularly important in relation to Latin America.

President Gorbachev was also scheduled to address the

Cuban National Assembly last night amid considerable speculation that he might use the occasion to make an important announcement on Cuba's estimated \$10bn debt to the Soviet Union.

The Soviet leader said at the UN General Assembly last December that the USSR was prepared to write-off or declare a moratorium on the debt that the underdeveloped countries had with the Soviet Union.

Cuban human rights activists calling for Soviet-style reform of the Cuban political and economic system was arrested yesterday soon before the scheduled signing of the treaty.

A Cuban Government spokesman said that the activists were detained "for engaging in illegal activities."

London preparations, Page 14; Editorial comment, Page 20

Diplomats seek UN ceasefire in Namibia

By Anthony Robinson in Windhoek

SENIOR United Nations officials yesterday made their first visit to the battleground in northern Namibia for talks with South African field commanders as diplomats in African and other capitals sought to reach a UN-monitored ceasefire in the territory.

More than 1800 people have died in the past four days in the latest of the battles between the South African security forces and guerrillas of the South West African People's Organisation (Swapo).

Pretoria has signalled its willingness to halt its search and destroy operations along a 100-mile stretch of the Angolan border zone provided that Swapo agrees that its members still in northern Namibia should lay down their arms and be repatriated to UN-monitored camps in Angola.

Mr Sam Nujoma, the Swapo leader, staying in Harare yesterday again said that his forces had moved south across the border from Angola in defiance of the internationally agreed peace plan for Namibia.

The Swapo leader is understood to be insisting that his units be confined to camps inside Namibia under the UN Transition Assistance Group (Untag).

Mr Martti Ahtisaari, UN special representative, and General Prem Chand, head of the 13-nation Untag force, reviewed the situation on the ground in northern Namibia with South African officials, including Mr Louis Pienaar, Pretoria's Administrator General and senior members of the South African Defence Force.

The diplomatic effort moves into higher gear tomorrow when British Prime Minister Mrs Margaret Thatcher, who was in Namibia when fighting broke out on the first day of the UN-supervised Namibian independence process on April 1, holds talks in London with Soviet President Mikhail Gorbachev.

The Soviet Union currently chairs the UN Security Council, which on Monday acknowledged the Swapo's demand for an end to its "hostile intent" on the part of the armed guerrillas.

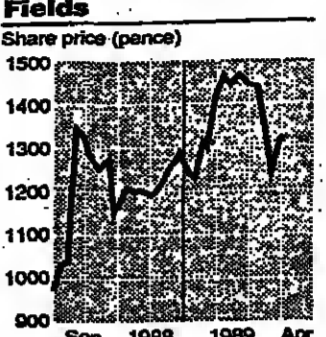
Mrs Thatcher yesterday blamed the breakdown of the ceasefire squarely on Swapo. She said a report by Mr Javier Pérez de Cuellar, the UN Secretary General "specifically confirms that there has been a large-scale incursion from Angola to Namibia by armed Swapo personnel."

As the main slick drifts south and west, Exxon is throwing its major effort behind attempts to protect a valuable hatchery full of hundreds of salmon fry at Sawmill Bay near the mouth of the sound. Fishing boats had laid rings of containment booms across the entrance to the bay

All that glitters is not gold

By The Financial Column

Consolidated Gold Fields



was material to the decision not to refer.

The second point relates to beneficial ownership. If, in such a transaction, the funds used belonged to someone else, it might not be clear at the point of completion who had title to the assets being bought or if the funds were a loan attached to assets, who would have title in the event of default. The identity of any such third party could obviously be relevant in competition terms; one imagines the uproar, for instance, if someone else had acted as a front for the KIO in building up its stake in BP.

On the other hand, it seems clear that whatever the DTI report contains, its publication could not in itself affect the ownership of House of Fraser.

The only body which could order divestment appears to be the Monopolies Commission; and Lord Young's decision last November not to refer the deal to the MMC was taken in full knowledge of the report's findings. But if wrongdoing is in fact proven, no doubt Lord Young and his advisers will be seriously considering any remedies open to them under the law.

CGE/GEC
The various bits of the CGE empire have an irritating habit of fading into one another. But for simplicity's sake, yesterday's deal between GEC and CGE-Alstom can be treated separately from the joint venture with Alstom, the latter's sound-alike sibling, completed only days ago. With the help of over £1bn in sales from its new partner, GEC's automation business will have a chance to achieve critical mass, while the two together should have scope for significant rationalisation. And it is hard to quarrel with terms which involve GEC contributing around a tenth of the sales of the new company in return for very nearly a quarter of its equity.

Lonrho
Regardless of what the public now knows or guesses about the House of Fraser report, there is an aspect of the affair which has been around since long before the report surfaced. Lonrho has always alleged that the money used to buy House of Fraser was not the Favays' own. The Favays, while consistently denying this, have also argued that the financial transactions of private citizens are their own affair. The cheque did not bounce, so what does it matter?

The answer falls into two parts. It seems deductible that at the time HoF was taken over, the UK authorities regarded gearing as relevant to competition policy. The first bid to be referred on grounds of leverage was Elders' for Allied Lyons, just nine months after the Favays bought HoF. It seems equally deductible that the Favays' assertion that they were using their own money

had helped found an anti-nuclear pressure group after the accident.

Mr Salameinov claims the group, called "Nevada" (after the American desert in which similar nuclear tests are conducted), has forced the Soviet authorities to stop two further tests. He hopes to encourage activists in the Nevada desert to set up a twin group. "I hope they will call it Semipalatsk," he says.

by the Defence Ministry.

His is one of several human rights cases due to be raised by Mrs Margaret Thatcher during the Soviet leader's visit.

Meanwhile, the 25-30 Friendship and Economic Co-operation Treaty, to be signed with Cuban President Fidel Castro, is aimed at delineating the strategic relationship between the Soviet Union and Cuba

Cuban human rights activists calling for Soviet-style reform of the Cuban political and economic system was arrested yesterday soon before the scheduled signing of the treaty.

A Cuban Government spokesman said that the activists were detained "for engaging in illegal activities."

London preparations, Page 14; Editorial comment, Page 20

French SE publishes new takeover code

By George Graham in Paris

THE FRENCH stock exchange council has published details of proposed changes to its takeover code, which would force an investor to make an outright bid once more than a third of the capital of a listed company has been acquired.

The new rules are subject to the approval of the Finance Minister, acting on the advice of the Commission des Opérations de Bourse (COB), the French stock market regulatory authority, and of the Banque de France.

They are expected, however, to come before Parliament when legislation extending the

powers of the COB is discussed later this month.

Some members of parliament have argued that the obligation to bid should be included in the legislation.

The stock exchange council calls for a bid whenever an investor acquires more than one third of the capital or voting rights of a quoted company.

All future takeover bids will be required to aim for at least two thirds of the capital of a company, so if the investor already holds one third he will have to offer for all the outstanding shares. Partial bids

are permitted at present.

A takeover bid will require three separate announcements under the new code:

● the announcement of an offer, giving the main outlines of the bid;

● the acceptance of the offer, within five days of its announcement, by the stock exchange council;

● and the opening of the offer, once the COB has given its approval.

Deals in the shares of the target company would be suspended on the first announcement, and reopened within 48 hours of the stock

exchange council's acceptance.

The code will preserve the price support mechanism currently used in the stock market when a controlling stake changes hands.

Some bankers had favoured the suppression of this mechanism, which requires the new owner to buy in the open market at the price paid for the controlling stake, in favour of the outright bid.

New rules are also detailed permitting or obliging an investor to buy out minority shareholders when it controls more than 75 per cent of a company's capital.

Lockheed to shed group

Continued from Page 1

about 17 per cent of Lockheed's stock, while current shareholders would suffer no dilution, the company said. Now, about 50 per cent of Lockheed's shares are owned by investment institutions.

Mr Simmons, a Dallas-based billionaire who has described himself in the past as a "corporate raider" said that he had "no plans or desires to disrupt Lockheed's management," but did not comment on yesterday's actions.

After disclosing his stake in Lockheed, Mr Simmons said that his holding company, Valki Inc, had intended to buy strategic stakes in three other companies he considered undervalued - Chrysler, Paccar, a heavy truck manufacturer, and Phelps Dodge, a copper producer.

Lockheed and Chrysler

shares declined on Wall Street yesterday morning following these announcements, while Paccar and Phelps Dodge rose sharply.

Lockheed's share price was marked down by 81% to \$48 1/2 yesterday morning. The fall reflected the market's probably justified scepticism that a hostile takeover of Lockheed would ever be attempted, much less that such a bid might succeed.

Lockheed - having been rescued from near-bankruptcy in 1971 by an unprecedented Federal government bailout, and having abandoned its unprofitable civilian aircraft business in the early 1980s - is now virtually an arm of the US Defence Department. Last year, 55 per cent of its \$10.6bn sales revenues came from the US government.

CGE, GEC to join units

Continued from Page 1

vehicles controls about 60 per cent of the telecommunications group.

In the case of Alstom, CGE is proposing seven CGE shares for five Alstom shares to merge the heavy engineering group into CGE.

The CGE-Alstom subsidiary will remain separate but will be 75.5 per cent controlled by CGE and 24.5 per cent held by GEC after the two companies complete their proposed new association.

and around 66 per cent of Alstom.

Paris and London stockbrokers expressed some concern last night over the proposed Financière Alcatel share exchange. They argued that it did not appear very favourable to minority shareholders because CGE seemed to value the Alcatel holding held by Financière Alcatel at substantially less than what it paid in FT last December for a block of 843,000 Alcatel NV shares.

Reporting higher consolidated profits excluding minority interest of FT2.5bn last year compared with FT1.5bn the year before, Mr Suard also announced a 20 per cent increase in CGE's net dividend payout.

WORLD WEATHER

City	Temp	Wind	Cloud	Pressure	City	Temp	Wind	Cloud	Pressure
Alexandria	22			1009	Sydney	18	10	B	1016
Athens	19			1012	Taipei	16	12	B	1012
Bahia	26			1013	Tokyo	15	10	B	1011
Bombay	29			1014	Ulaanbaatar	4	5	C	1015
Buenos Aires	16			1013	Vancouver	12	15	B	1014
Calcutta	32			1014	Wellington	10	15	B	1014
Caracas	29			1014	Yokohama	15	10	B	1011
Chicago	58			1013					
Cairo	24			1012					
Colon	28			1013					
Hankow	20			1014					
Hong Kong	26			1013					
London	14			1013					
Lyons	15			1014					
Manila	30			1013					
Medan	28			1014					
Mexico	24			1013					
Paris	14			1014					
Peking	18			1013					
Perth	18			1014					
Rangoon	28			1014					
San Francisco	62			1013					
Singapore	30			1014					
Sourabaya	28			1014					
Tokyo	15			1011					
Washington	68			1013					
Yokohama	15			1011					

Alaska pays a high price for oil

Continued from Page 1

face a legal nightmare.

The company has been bitterly criticised for the chaotic days of the clean-up by Alaska state authorities under Mr Steve Cowper, the governor, who are themselves under pressure from a furious Alaskan public. Oil company offi-

cials say they must limit the damage in a state which has the largest unexploited oil reserves in the US.

One of Valdez's leading citizens said: "They've got to put on a show while the media is still here. Then, when the tanker is floated off and the reporters leave, they'll slow down."

But Mr Frank J. Rossi, president of Exxon's shipping division, said: "We intend to leave Prince William Sound as close to the way it was before the tragedy. We are going to be polishing rocks."

WE'RE RESPONSIVE.

Decisions. Decisions. Decisions.
In the international arena, they can take forever.
So while you're sitting on the sidelines twiddling your thumbs, your competition is out there. Wheeling and dealing.
But with Tokai Bank on your side, this problem simply does not exist.
We're one of Japan's largest banks. With offices, affiliates and subsidiaries in 23 countries. But for you, the important point is that each of our regional headquarters has great autonomy and local knowledge.
So we can anticipate your every need. And respond. Just like that. After all, your goals are our goals.
Get to know us better. We'll help you clear the hurdles in your path. And give you what you look for in an international bank.
All the right answers. Right away.

TOKAI BANK
Meeting your objectives around the world.

INTERNATIONAL BANKING GROUP: 6-1, Otemachi 2-chome, Chiyoda-ku, Tokyo, Japan. Telex: 229234 TOKAIKOR. Tel: 03-242-2111
FAX: 03-245-14779 REGIONAL HEADQUARTERS, AMERICA: Two World Trade Center, Suite 3322, New York, NY 10148, U.S.A.
Tel: 422557 TOKAI Tel: 212-432-2600 Fax: 212-434-0224 REGIONAL HEADQUARTERS, EUROPE: 99 Bishopsgate, London EC2M 3TA, U.K. Tel: 887375 TOKAI C. Tel: 01-263-8500 Fax: 01-626-0020 REGIONAL HEADQUARTERS, ASIA & OCEANIA: 6-1, Otemachi 2-chome, Chiyoda-ku, Tokyo, Japan. Telex: 229234 TOKAIKOR. Tel: 03-242-2111 Fax: 03-245-14879



OVERSEAS MOVING BY MICHAEL GERSON 01-4461300

Gold Fields fights bid with 'performance pledge'

By Kenneth Gooding, Mining Correspondent, in London
CONSOLIDATED Gold Fields, the UK diversified mining group, yesterday produced what it called "a unique performance pledge"

If that target is not met the directors would "take whatever steps were necessary" to pay a special cash dividend of 50 cents gross per share, costing a total of £1.95m.

The proposal, which does not amount to any sort of guarantee, would not have been aired if the Gold Fields board was confident that shareholders would consider its earnings target as credible.

Analysts suggested that the performance pledge, although an imaginative idea with an attainable target, added nothing to the value of the Gold Fields shares.

In line with other analysts, he suggested that any new offer would have to be above £15 a share and probably at least £15.50 to make any impact.

Buying a ticket for the Orient express

It has successfully digested Chinese, a \$2.85bn purchase in the US. Now Hoechst of West Germany, the world's biggest chemicals group, is casting covetous eyes at south-east Asia as it plans the next expansion of its fibre interests.

WH Smith seeks rest of Mullinare WH Smith, the UK retail and distribution group, is considering making an offer for the 48 per cent it does not already own in Mullinare.

Law and order in US markets

Several regulatory proposals recently published by the US Securities and Exchange Commission should, if adopted, ease dealings between non-US securities firms and US investors.

Out of the frying pan

Tensions have been running high in the world-wide oil market in recent years, as the pressure of stiff competition has become increasingly overlaid with political problems.

Viennese waltz to an investment quick step

The sun shone in the Tyrol and enthusiasm ran rampant in the little Austrian bores last month. What developed was a classic imbalance of demand and supply, with too many investors chasing too little stock.

Market Statistics table with columns for Base lending rates, Benchmark options bonds, FT-All indices, FT-World indices, FT-UK indices, Financial futures, Foreign exchanges, London recent issues.

Companies in this section table listing various companies like AC Holdings, Alcon, Alcan, Alexandria Workwear, Automated Security, Avery, Avaya, BBL, BHP, Balfica, Banque Indosuez, Bellway, Bouislaed, Brammer, Bridgend Group, British Alcan, BSA, Canada Northwest, Cardo, Carman, Chemical Bank, Citizens & Southern, Cojorol Group, Cornhill Glasgow Works, D&C Bank, Elders IXL, Eram, First Interstate Int'l, Gardiner Group, Geers & Coles, Gold Fields, Gold Fields of SA, Hornby Group, IN Holding, Johnston Group, LIGS, Strategic, MB Group, MTM, Meggit Holdings, Merlin, Newton, Penfold, TCS, Minarco, Molinare, Mool-River Textiles, NBS, NCR, Nivalder Tar Case, North Brit Canadian, OK Tech Mining, Peel Holdings, Royal Dutch/Shell, Salsp, Santos, Sarcin Technology, Saudi International, Shandwick, Silhouette Holdings, Skidmore-Griffin, Swallowfield, TAS Stores, TEG Group, Torganshire Trust, Tyrol Labs, UIC, Varsity Corp, WH Smith, Wiggins Companies, Xiamen Int'l Bank.

Chief price changes yesterday table with columns for Frankfurt (DEM), London (Pence), and Tokyo (Yen) showing price changes for various companies and indices.

A moving target that would be hard to hit

Anatole Kaletsky looks at Lockheed's restructuring

"For years Lockheed stock has been Wall Street's headline story - up and down for no particular reason, and it looks like it will continue to provide grist for the rumour mills for some time to come."

This was how Mr Wolfgang Demich, aerospace analyst at US Securities, characterized Lockheed's restructuring announced yesterday by the sixth-largest US defence contractor.

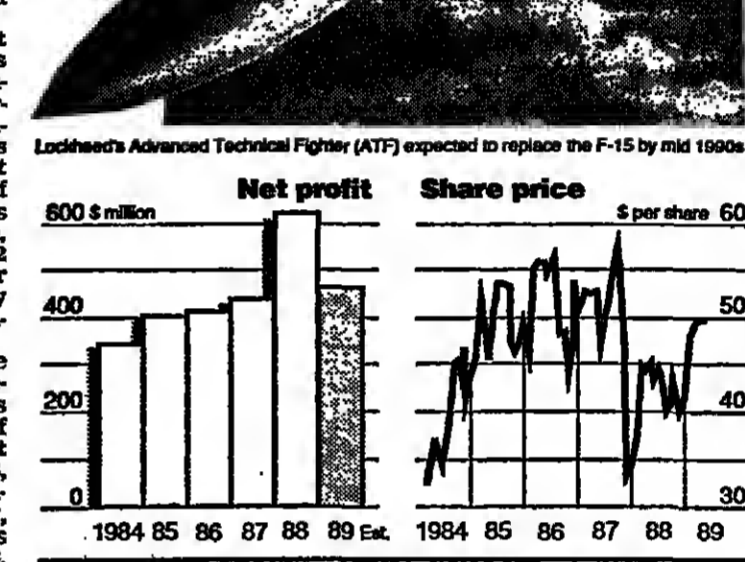
Lockheed's new plans were announced less than 24 hours after the disclosure that Mr Harold Simmons, one of America's leading corporate raiders, had acquired 5.6 per cent of its stock.

Speculation deepens over the future course of Blue Arrow

By Clay Harris in London
SPECULATION over the future course of Blue Arrow deepened yesterday when Harris Associates, a Chicago-based investment group, disclosed a 6.3 per cent stake in the UK-based employment agency hit management upheavals.

Pru gives top job to fund manager

By Nick Bunker in London
MR MICHAEL NEWMARCH, London's most powerful fund manager, is to be the next chief executive of Prudential Corporation.



Lockheed's Advanced Technical Fighter (ATF) expected to replace the F-15 by mid 1990s. The chart shows net profit and share price from 1984 to 1989.

The Prudential, the UK's largest life insurer and investment institution, said 50-year-old Mr Newmarch, currently head of Prudential Portfolio Managers (PPM), would take over from the present group chief executive, Mr Brian Corby, next March.

Cardo to buy Skåne in agreed bid

By Robert Taylor in Stockholm
CARDO, the Swedish industrial holding company affiliated to the Volvo group, is to buy Skåne-Gripen, the Swedish industrial conglomerate, in an agreed takeover bid worth SKr2.5bn (\$890m).

When the time comes to sell your company and take the WHAT WILL HAPPEN financial reward for all you've put into it, there may be several TO YOUR COMPANY potential buyers.

Please send me further information showing how a 3i Management Buy-in could be the best way to sell my company. Includes contact details for Richard Summers or Graeme White on (01) 928 7822.

INTERNATIONAL COMPANIES AND FINANCE

Lower gold price hits GFSA mines

By Jim Jones in Johannesburg

LOWER rand-denominated gold prices sharply reduced revenues and profits at the poorer mines managed by Gold Fields of South Africa (GFSA), the local affiliate of the UK's Consolidated Gold Fields.

As capital expenditures exceeded taxed profits, four of the group's mines generated negative cash flows. But in Johannesburg yesterday Mr Alan Wright, a director of GFSA, said this was not a matter for concern as the group's policy was to retain profits to finance capital programmes during lean periods.

Unit working costs rose by 2.1 per cent to R126.55 (\$49.42) a tonne milled but are expected to be pushed higher this quarter and next as midyear wage increases are awarded. While miners have already placed their claims with Chamber of Mines negotiators and the all-black National Union of Mineworkers (NUM) will start nego-

	Gold produced (kg)		After-tax profit (Rm)		Earnings per share (cents)	
	Mar 88	Dec 88	Mar 88	Dec 88	Mar 88	Dec 88
Deelkraal	2,633	2,633	40.8	44.8	26.0	24.1
Doornfontein	1,950	1,928	4.7	7.3	(3.2)	2.7
Drie Cons	14,855	15,047	122.9	140.1	30.3	33.3
Kloof	9,289	7,242	83.7	123.3	21.8	22.6
Libanon	1,784	1,827	6.1	11.2	(0.7)	10.3
Venterspost	1,580	1,451	2.7	4.9	(7.4)	(16.2)
Vlaktefontein	287	287	(0.3)	0.7	(5.1)	3.2

Earnings per share calculated after tax and capital expenditures. Parentheses = negative

tiations next month.

The NUM has professed itself unimpressed by industry statements that large percentage increases cannot be paid while gold prices remain weak.

Venterspost, which has embarked on an expansion programme beyond its eastern boundary, had been expected to announce a rights issue to raise finance. However, the issue has been deferred until

stock market conditions are more appropriate, Mr Wright said.

He added that the mine had sufficient cash to finance the expansion until July or August and that alternative means of raising capital were being examined.

Libanon, which is next door to Venterspost, was affected by a small gold recovery grade drop to 4.1 grams per tonne

(g/t). Vlaktefontein, which reprocesses old mine residue dumps and is establishing a small underground mine, operated at a loss during the quarter.

Kloof, the highest grade producer in the group, suffered a grade decline to 11.8 g/t which Mr Wright said was an unavoidable consequence of long-wall mining methods.

The neighbouring Drieconsfontein Consolidated, which is the group's largest mine, suffered a grade decline at its east section.

GFSA has calculated tax according to a new formula announced in the March budget which led to an appreciable tax saving at Drie Cons.

The gold recovery grade was maintained at Deelkraal though Mr Wright has again warned it is likely to slip from its present 6.5 g/t next year and that an average of 6 g/t is more realistically to be expected.

Accor lifts operating net by 40% to FF470m

By George Graham in Paris

ACCOE, the leading French hotel and restaurant group, boosted net operating profits last year by 40 per cent to FF469.5m (\$73.9m), as sales climbed 12 per cent to FF16.38bn.

With a large jump in exceptional profits, from a series of asset sales, the group's total net earnings rose by 71 per cent to FF570.5m.

Net operating profits in 1988 are expected to reach a minimum of FF575m, with strong activity in the first quarter confirming this trend.

The group, which opened 97 new hotels last year taking its total portfolio to 773 hotels, greatly expanded its luncheon voucher business, in which it is world leader with its Ticket Restaurant business.

Profits on vouchers, up by nearly 15 per cent last year, came mainly from the treasury earnings, since the vouchers are prepaid.

The number of users of Accor's vouchers increased 25.5 per cent to 816,000, while the number of vouchers issued rose by a third to 877m in 12 countries.

Accor is headed by Mr Gérard Pélisson and Mr Paul Durille, France's most famous business double act.

The group operates hotel chains such as Novotel, Sofitel, This and Formule 1, in addition to restaurant chains such as l'Arche and Churrasco, and collective catering services.

The French Bourse said Mr Carlo De Benedetti's Cerus holding company has raised its share swap offer in the agreed merger with Dumas-Léblais, the French investment bank, Reuter reports from Paris.

The bourse said the offer now stood at 27 Cerus shares for every 10 shares in Dumas-Léblais, with no cash element.

The original offer consisted of five Cerus shares plus 40 francs for every two Dumas-Léblais shares. Dumas-Léblais, who control 53 per cent of the bank, had rejected the earlier deal.

Saipem decides to omit dividend on its common stock

By Our Financial Staff

SAIPEM, the oil industry services unit of Italy's state energy concern Ente Nazionale Idrocarburi (ENI), lifted consolidated net profit by 5 per cent to L3,825m (\$62m) in 1988, from L7,591m a year earlier.

Group sales rose to L1,412m from L1,243m in 1987. Mr Gianni Dell'Orto, chairman, said the board had decided to omit payment of a common stock dividend so that most of the profits can be reinvested in the company.

An unchanged dividend of L60-a share will be paid only to holders of savings shares. Last year, owners of common stock received a dividend of L50 a share.

Mr Dell'Orto said that 1988 was marked by low crude oil prices and persistent uncertainty in the oil market in general, which, in turn, influenced negatively the level of capital investments by oil companies.

This scenario was not likely to change much in 1989.

To protect itself against the highly cyclical nature of the oil industry, Saipem plans to diversify into other sectors.

particularly in the public infrastructure construction business, added Mr Dell'Orto.

Saipem was exploring different roads to diversification, including collaboration pacts, acquisitions and joint ventures, also with foreign partners.

The company was close to acquiring 55 per cent of Mianzhai, a construction firm, Mr Dell'Orto said. An accord should be concluded in a few weeks. Mantelli, part of state industrial group Istituto per la Ricostruzione Industriale (IRI), has annual turnover of around L2,800m.

Il Rizzoli-Corriere Della Sera (RCS), Italy's second largest publishing group, yesterday reported that its net profit rose 25 per cent to L52.1bn in 1988, from L41.7bn a year earlier.

Consolidated revenue rose 12 per cent to L1,400bn in 1988 from a year earlier, while cash flow improved 15 per cent to L121.9bn. The Milan-based publishing group is effectively controlled by the Agnelli family through the holding company Gemina.

J Lauritzen returns to profitability with \$43.5m

By Hilary Barnes

DENMARK'S J. Lauritzen shipping, shipbuilding and manufacturing group, bounced back from a DKr96m operating loss in 1987 to make profits of DKr918m (\$43.5m) last year.

Net earnings, including extraordinary income, increased from DKr28m to DKr908m, with shipping making DKr478m and the shipbuilding division losing DKr390m. Group turnover was down from DKr9,277m to DKr9,178m.

Equity capital, excluding minority shares, increased from DKr685m to DKr1,477m on assets which increased from DKr685m to DKr9,558m. The parent company, Lauritzen Holding, proposed passing the dividend again this year.

Operating profits in 1989 are expected to be at least as much as in 1988, but net earnings will be lower, as extraordinary income will fall.

The J. Lauritzen Shipping Co operates one of the world's two biggest fleets of refrigerated cargo vessels, as well as bulk carriers and offshore drilling rigs. The results of the shipping operations this year are expected to be on a level with last year's of better.

KLM holds parcel talks with TNT

By Our Financial Staff

KLM Royal Dutch Airlines, the Dutch flag carrier, said yesterday it is in talks over the future of its XP Systems VOF express parcel delivery subsidiary with TNT, the Australian transport group.

KLM, 39.4 per cent owned by the state, declined to provide details. But it noted that there were a range of possibilities. These included partial or complete sale of the wholly-owned XP subsidiary, as well as turning it into a joint venture or spinning it off as an independent operator. KLM said the situation would become clearer in about a week.

TNT has been expanding aggressively its express parcel delivery operations over the past couple of years.

Such a strategy is in line with the evolution in Europe of the new breed of transport groups, which are developing the new so-called "logistics services" industry, in which big transport companies such as Nedlloyd of the Netherlands have been building integrated land, sea and air transport capabilities.

Hoechst to expand fibre side

By Alice Rawsthorn in Frankfurt



Günter Metz: adaptation and adjustment in the European acrylic market

HOECHST, the West German company which is the world's biggest chemicals group, plans to expand its fibre interests into south-east Asia.

Two years ago, Hoechst moved into the US fibres market by buying Celanese for \$2.85bn. The integration of Celanese is now completed. Dr Günter Metz, deputy chairman of Hoechst and head of its fibre division, said yesterday that the group is now considering ways of diversifying within fibres in south-east Asia.

Hoechst is already involved in a joint venture to build a \$50m cigarette tow plant in China, its first fibre production facility in south-east Asia. The plant should come on stream by the beginning of next year.

The group now plans to expand further within south-east Asia within the technical fibre field. Dr Metz said it had not yet decided whether to do so by acquisition, joint venture or start-up.

Hoechst is one of the world's biggest fibre producers with a dominant position in the international polyesters market. It is also a leading player in acrylic and viscose fibres.

Fibres is the second biggest area of activity within Hoechst group. The fibre division made

In the last two years Hoechst has integrated its newly acquired US fibre operation with its established European business. This process has involved the disposal of two of its US fibre plants and the integration of product development and research.

The group is now involved in an ambitious capital expenditure programme for fibre. In the last four years it has spent DM\$70m - or 6 per cent of sales - on its western European fibre plant.

So far the emphasis of this expenditure has been on improving the efficiency of existing plant. In the future Hoechst intends to expand more aggressively, particularly in the more dynamic areas of technical fibres.

It will invest DM\$50m over the next four years in the development of polymer optical fibres.

Conversely the group may have to reduce its presence in the acrylic market, which has recently been depressed by a cyclical downturn in demand and increased competition from new plant in China. Dr Metz said there would be some "adaptation and adjustment" in the overall European acrylic market.

Baltica steps up payout as net earnings surge

By Hilary Barnes in Copenhagen

BALTICA, the insurance and financial services group which recently acquired a 9 per cent equity holding in Hambros Bank of the UK, reported an increase in net profits last year to DKr4,170m (\$600.5m) from DKr3,570m.

However, DKr495m of the increase was explained by changed accounting principles. An increase in the dividend from 7 to 8 per cent was proposed.

The operating profits of the insurance business increased from DKr3,342m to DKr5,818m and accounted for the bulk of group operating profits, which were up from DKr2,400m to DKr5,898m.

Group capital gains increased from DKr1,972m to DKr4,161m, with unchanged accounting principles, and to DKr5,111m with the new principles, which affect the valuation of the securities portfolio, increasing it by DKr300m, and involve the deletion of the item for deferred tax, DKr185m.

Operating profits are expected to improve further in 1989 when the group will continue to assign higher priority to profitability than expansion, said the interim report. But capital gains in 1989 are likely to be lower than last year's.

Group equity capital increased from DKr2,266m to DKr6,478m last year, and net profits represented a return on equity of 12 per cent, compared with 9 per cent in 1987. Earnings per share were up from DKr71 to DKr166.

Gross premium income was down slightly from 1988:949m to DKr5,265m, the result of the divestment of the reinsurance business.

IN Holding in JP Morgan link

By Alan Friedman in Milan

IN HOLDING, the Benetton family's financial services and investment banking arm, said it had hired J.P. Morgan Investment Management as advisory agent for one of its international mutual funds.

Morgan is to provide IN Holding with data on international equity markets, currency and sector analysis for IN Capital Equity, the mutual fund that is aiming to channel Italian investment to foreign stock markets. The equity fund deal follows a similar accord reached between IN Holding and County NatWest to help launch a bond fund.

The Benetton family financial arm, which is separate from the better known clothing company, now has around 500 selling agents in Italy.

This announcement appears as a matter of record only

BANCA NAZIONALE DEL LAVORO
Sezione Autonoma di Credito Fondiario

BANCO DI NAPOLI
Sezione di Credito Agrario

CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE (CARIPLO)
Sezione di Credito Agrario

ISTITUTO BANCARIO SAN PAOLO DI TORINO
Sezione Credito Agrario

Lit 400,000,000,000 equivalent
Eurocurrency Loan Facility

Lead Managed by

BNL INVESTMENT BANK PLC BANK OF TOKYO INTERNATIONAL LIMITED BARCLAYS BANK PLC ISTITUTO BANCARIO SAN PAOLO DI TORINO (LONDON BRANCH)	BANCO DI NAPOLI INTERNATIONAL S.A. BNP CAPITAL MARKETS LTD. CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE THE SUMITOMO BANK, LIMITED
--	---

Co-Lead Managed by

THE SUMITOMO TRUST & BANKING CO., LIMITED ALGEMENE SPAAR-EN LUIFRENTEKAS/CAISSE GENERALE O'EPARGNE ET DE RETRAITE THE BANK OF YOKOHAMA, LTD. THE DAIWA BANK, LIMITED HILL SAMUEL BANK LTD. MITSUBI FINANCE INTERNATIONAL LIMITED	ARAB BANKING CORPORATION (B.S.C.) BANCO CENTRAL, S.A. CREDIT AGRICOLE THE FUJI BANK, LIMITED INDUSTRIAL MULTINATIONAL INVESTMENTS LIMITED SAITAMA BANK (EUROPE) S.A.
--	---

Managed by

CAJA DE MADRID CREDIT LYONNAIS

Co-Managed by

BANK FUER OBEROESTERREICH UND SALZBURG (OBERBANK) BANK OF IRELAND CREDIT COMMUNAL DE BELGIQUE S.A./GEMEENTEKREDIET VAN BELGIE N.V. KREIETBANK NV NATIONAL BANK OF ABU OHABI	BACOB SAVINGS BANK S.G. CAISSE D'EPARGNE DE L'ETAT OU GRAND-DUCHE DE LUXEMBOURG IPPA BANK S.A. LANDESBANK SCHLESWIG-HOLSTEIN INTERNATIONAL S.A. BIKUBEN
---	---

Participants

CREDIT GENERAL S.A. DE BANQUE SKOPBANK COMPAGNIE INTERNATIONALE DE BANQUE S.A.	LONDON ITALIAN BANK LIMITED SOCIETE NANCEENNE VARIN-BERNIER GROUPE CIC SANPAOLO BANK (AUSTRIA) AG
--	---

Funds provided by

BANCA NAZIONALE DEL LAVORO - London Branch THE BANK OF TOKYO, LTD. BARCLAYS BANK PLC	BANCO DI NAPOLI INTERNATIONAL S.A. BANQUE NATIONALE DE PARIS CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE - CARIPLO LONDON BRANCH THE SUMITOMO BANK, LIMITED ARAB BANKING CORPORATION (B.S.C.) BANCO CENTRAL, S.A.
ISTITUTO BANCARIO SAN PAOLO DI TORINO - LONDON BRANCH THE SUMITOMO TRUST & BANKING CO., LIMITED ALGEMENE SPAAR-EN LUIFRENTEKAS/CAISSE GENERALE D'EPARGNE ET DE RETRAITE THE BANK OF YOKOHAMA, LTD. THE DAIWA BANK, LIMITED HILL SAMUEL BANK LTD. THE MITSUBI BANK, LIMITED THE TOKAI BANK, LIMITED	CAISSE NATIONALE DE CREDIT AGRICOLE THE FUJI BANK, LIMITED INDUSTRIAL MULTINATIONAL INVESTMENTS LIMITED SAITAMA BANK (EUROPE) S.A. CAJA DE MADRID

Agent Bank

THE BANK OF TOKYO, LTD.

BSN RISES...

2.2 BILLION FRENCH FRANCS
NET INCOME IN 1988
+ 41%

The 1988 accounts of the BSN Group audited by the statutory and international accountants, were presented to the Board of Directors at the meeting of March 29. The principal consolidated items for 1988, and comparable 1987 figures, are as follows:

(FF million)	1987	1988
Sales	37,156	42,177
Operating income	3,296	4,490
Net income (excluding minority interests)	1,350	2,189
Operating cash flow	3,378	4,249
Capital investments	2,371	2,403
Shareholders' equity	14,344	16,415

Consolidated net income for 1988 thus rose by 41.2% over the year-earlier figure. Net income per share was FF 41.70 in 1988, compared with FF 34 in 1987 (both figures adjusted with the recent ten-for-one stock split), an increase of 22.7% over 1987. The breakdown by Division of operating income (income before net interest expense and taxes) was as follows:

(FF million)	1987	1988
Dairy Products	534	834
Grocery Products	864	1,017
Biscuits	666	718
Beer	526	606
Champagne, Mineral Water	470	525
Containers	410	560
Total operating income of Divisions	3,488	4,260
Unallocated income	(192)	230
Group operating income	3,296	4,490

The Board of Directors also approved the accounts of BSN, parent company of the BSN Group, for 1988. Net income for the parent company was FF 403.8 million, compared with FF 447.8 million in 1987. The Board of Directors resolved to propose to the General Shareholders' Meeting of May 30 the payment of a dividend of FF 10 per share for 1988, compared with a payment of FF 8.50 for 1987 (adjusted for the ten-for-one stock split). The total 1988 dividend, including the French tax credit, will, if approved, amount to FF 15. The total dividend payment will be FF 521 million, compared with FF 423.1 million for 1987.

BSN GROUPE

IT'S EVERYTHING I LIKE

FRANCE'S LEADING FOOD AND BEVERAGE GROUP

C&C Computers and Communications

Which One Is NEC?

Pagers that do more than just beep. Ours can give you a message.



Colour TVs and VCRs that reach new heights – high fidelity, high resolution and high quality. Now that's a higher form of home entertainment.



The Ideal host – host computer, that is. NEC mainframe computers are responding to the needs of all types of offices and all types of requirements.



Can you top this? NEC's laptop computer. Just because it's light doesn't mean the NEC Multispeed is a lightweight. This is one heavy performer.



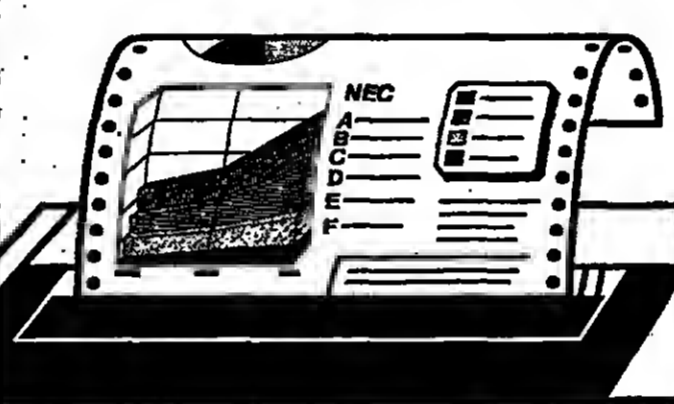
Hair thin fibres that are thick with information – NEC's fibre optic technology makes communication of all kinds – voice, data, text, images – as clear as a bell.



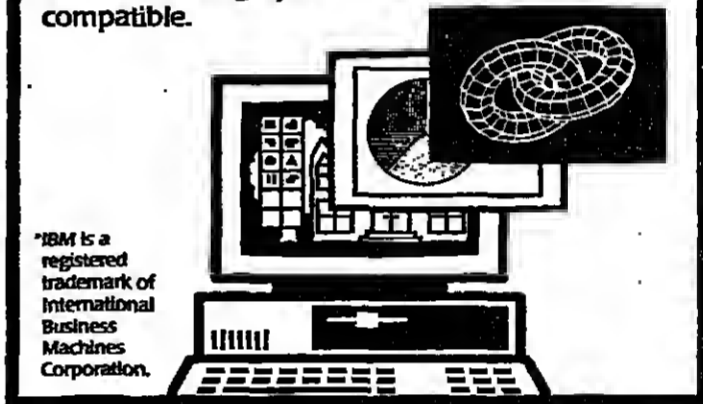
Chips that are stacked in your favour. NEC makes the semiconductors and other electronics found in our products. So you can be sure of NEC quality through and through.



The perfect printer for today's office? NEC makes it. It's called the Pinwriter P2200 and it produces letter-perfect letters at a speed of 56 cps.

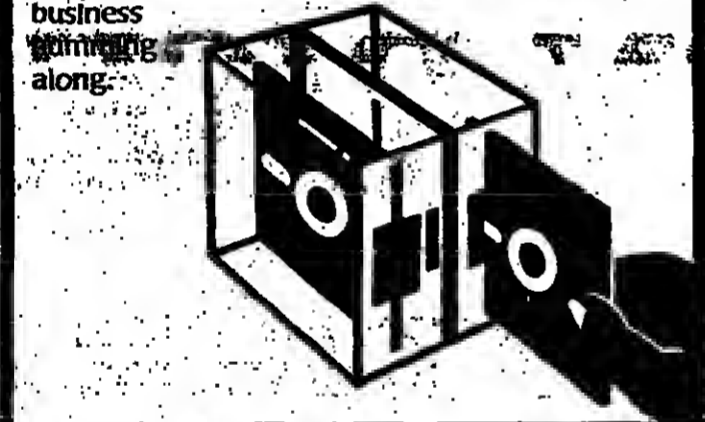


Get in sync with our Multisync Monitor – it automatically scans all frequencies between 15.5KHz and 35KHz, which means it is compatible with all colour graphics boards that are IBM® compatible.



IBM is a registered trademark of International Business Machines Corporation.

Disk drives that keep driving – NEC disk drives earn high marks for durability and dependability the world over. Just what you need to keep your business running along.



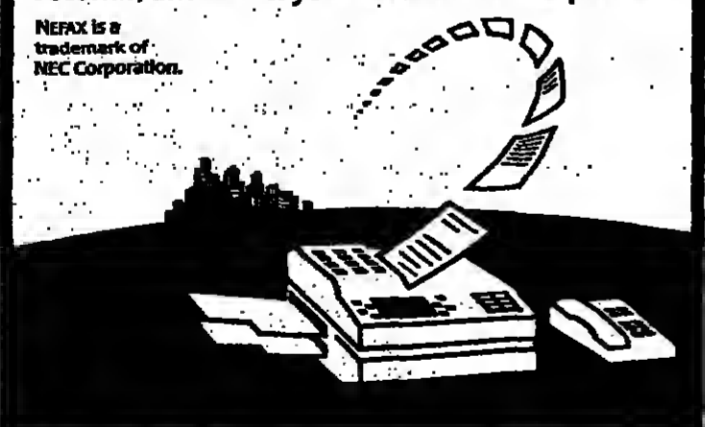
For those with driving ambition – NEC's mobile phones offer a variety of features along with compact convenience. No wonder, they're the talk of the town.



NEC is proud to sponsor International sports events like the Davis Cup, the Federation Cup and the fledgling World Youth Cup competition. We also sponsor the NEC World Series of Golf, and the prestigious Everton Football Club of the English League.



The true fax – NEFAX™, a facsimile machine that sends text and graphics over the phone lines in seconds, and fits on your desk next to the phone!



NEFAX is a trademark of NEC Corporation.

A CD-ROM that's on the cutting edge – NEC data storage products are known for their quality. And our CD-ROMs are no exception.



All Of Them.

Surprise! NEC is one of the world's largest manufacturers of computers and communications equipment. And because we are committed to seeing society benefit from the integration of these C&C technologies, the advances pioneered by NEC in all fields of technology touch your life every day. Which one is NEC? Now you know; we're all of them. And that's only the beginning. Because in the world of C&C, there's more to NEC.

NEC is a registered trademark of NEC Corporation.

Is anyone there? If you're using an NEC PBX and key phone system, that's one question your caller won't have to ask. Together, they make short work of complicated switchboard operations.



Satellite communications with down to earth benefits – like bringing the world to every corner of Britain. NEC's microwave radio systems help make corporate communications more efficient, worldwide.



NEC

For further information, please contact: NEC (UK) Ltd., NEC House, 1 Victoria Road, London W3 6JL, or phone 01-200 0200.

REPUBLIC OF ICELAND £2,000,000 8 1/2 PER CENT STERLING LOAN 1983/92

HAMBROS BANK LIMITED hereby gives notice that in accordance with the terms and conditions of the above loan, the redemption for 1st June 1989 has been effected by the drawing of the undermentioned bonds amounting to £300,000 (nominal). The outstanding balance after the 1st June 1989 redemption will be £3,000,000 (nominal).

The Drawn Bonds may be procured at Hambros Bank Limited, 41 Tower Hill, London EC3N 4TA, or to the other Paying Agent named on the bonds. Bonds surrendered should have attached all unexpired coupons accruing thereon. Coupons due 1st June 1989 should be detached and collected in the usual manner. For payment in London, Bonds will be received on any business day and must be left three clear business days for transmission.

Table with columns for bond numbers (1072-1117) and values. Includes sub-sections for 'Bonds of £100', 'Bonds of £50', and 'Bonds of £20'. Total value is £300,000. Includes 'HAMBROS BANK LIMITED' logo and date '5th April, 1989'.

INTERNATIONAL COMPANIES AND FINANCE

C&S turns down \$2.3bn NCNB takeover bid

By Anatole Kalotay in New York

CITIZENS & Southern, the leading bank in Atlanta, has rejected a \$2.3bn takeover bid from NCNB, the rapidly expanding regional bank which would become the sixth largest banking institution in the US if its share-exchange proposal succeeded.

The C&S rejection, which was not unexpected, left the door open to a possible higher bid from NCNB. But the tone of the C&S directors' comments suggested NCNB might have to take its proposals directly to the shareholders in a hostile offer.

Strong fire protection side boosts Tyco Labs

By Karen Zagor in New York

TYCO LABORATORIES, the diversified manufacturer of products ranging from fire protection/flow control systems to electrical and electronic components and packaging materials, yesterday reported strong third quarter earnings.

CNW puts Italian assets up for sale

By Robert Gibbens in Montreal

CANADA Northwest Energy, a medium-sized western Canada producer, is putting its Italian oil and gas properties up for sale to reduce its debt burden. The assets are estimated to be worth more than C\$200m (US\$168m).

Mr Denis Mota, oil analyst with Maison Placements, Toronto, estimated the Italian assets were worth between C\$200m and C\$300m. CNW wrote down its Vega investment by C\$113m last year, creating a net loss of \$112m.

Corning Glass lifts net profits by 12%

By Karen Zagor in New York

CORNING GLASS Works, a leading producer of ceramic and glass products for fibre optics, catalytic converters and other applications, lifted net profits for the three months to March 26 by 12 per cent as sales advanced across the board.

Net profits rose to \$41.1m or 46 cents a share, against \$36.8m or 41 cents in the previous year. Revenues jumped 18 per cent to \$535.5m from \$453.3m a year earlier.

Varity launches second assault on Fruehauf

By Robert Gibbens in Montreal

VARITY Corporation, the farm equipment group that owns Perkins Engines in Britain, has made a further bid for Fruehauf Corporation of the US.

Varity's most recent offer for Fruehauf in February was valued at US\$850m, but it was rejected by the management.

Avery plans to dispose of Uniroyal Chemical

By Karen Zagor in New York

AVRY, the former US coal company, plans to sell its Uniroyal Chemical unit for \$1.5bn, including the assumption of about \$500m in debt, to a group led by Uniroyal Chemical management.

UK GOVERNMENT ECU TREASURY BILLS

- TENDER NOTICE For tender on 11 April 1989. 1. The Bank of England announces the issue by Her Majesty's Treasury of ECU 800 million nominal of UK Government ECU Treasury Bills... 2. The ECU 800 million of Bills to be issued by tender will be dated 13 April 1989 and will be in the following maturities...

BOSTON INTERNATIONAL EQUITY INVESTMENT FUND, SICAV. R.C. LUXEMBOURG B 26288. Notice is hereby given that the extraordinary general meeting of shareholders will be held at the registered office of the Company in order to consider the law of March 30, 1988...

BOSTON INCOME INVESTMENT FUND, SICAV. R.C. LUXEMBOURG B 26288. Notice is hereby given that the extraordinary general meeting of shareholders will be held at the registered office of the Company in order to consider the law of March 30, 1988...

BOSTON PACIFIC GROWTH INVESTMENT FUND, SICAV. R.C. LUXEMBOURG B 27278. Notice is hereby given that the extraordinary general meeting of shareholders will be held at the registered office of the Company in order to consider the law of March 30, 1988...

Deutsche Bank Aktiengesellschaft. (Incorporated in the Federal Republic of Germany with limited liability) Frankfurt am Main. We are convening our Ordinary General Meeting this year on Wednesday, May 10, 1989, 10.00 a.m. in the Alte Oper Frankfurt, Opernplatz, 6000 Frankfurt am Main. Agenda: 1. Presentation of the established Annual Statement of Accounts and the Management Report for the 1988 financial year...

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699. An AFB member Reuters Code: IG1N, IG10. FT 30 Apr. 17/19/28-11 Jun. 17/48/1757-7. FTSE 100 Apr. 21/29/2108-12 Jun. 2133/2145-7. WALL STREET Apr. 23/28/2320-46 Jun. 2322/2357-46. Prices taken at 5pm and change is from previous close at 9am.

INTERNATIONAL COMPANIES AND FINANCE

Santos profits sharply hit by Peko Oil writedown

By Our Financial Staff

SANTOS, the leading onshore Australian oil and gas producer, showed a deep erosion of its profitability last year, which is blamed on the appreciation of the dollar as well as lower product prices for liquids.

year. The A\$440m Peko Oil purchase doubled oil reserves for Santos and took it into large-scale production offshore. It brought the group's overall interest in the Timor Sea field to almost 20 per cent.

that the first quarter of the current year had reversed this trend. Its natural gas business which accounted for about 40 per cent of 1988 sales partly offset the effect of lower liquids prices due to a 7.7 per cent price rise, Santos said.

Industrial action cuts earnings at Ok Tedi

By Chris Sherwell in Sydney

LAST September's industrial disruption at the Ok Tedi copper and gold mine in Papua New Guinea helped slash its 1988 profit to little more than a quarter of the 1987 level, according to figures released yesterday.

Shell Australia leaps to record

By Chris Sherwell

A LOWER corporate tax rate and improved performance by the downstream oil, chemicals and metals divisions, have given Shell Australia record net profits of A\$281.1m (US\$231.8m) for the year to December.

came from the downstream oil business - at A\$121m it was 76 per cent up on the previous year. Higher sales volumes overcame the impact of lower prices, intense competition and an industrial dispute, all of which squeezed margins and reduced market share.

said both divisions showed how businesses could be turned into profit-making enterprises. The group's expenditure on capital items, exploration and investment amounted to A\$966m in 1988, up from A\$951m the previous year, and Mr Gosper confirmed that capital spending over the next five years would average A\$900m a year.

BHP reshapes Sarich Technology role

By Gordon Cramb

THE WAY was cleared yesterday for an eventual entry of new partners in Sarich Technology, Mr Ralph Sarich's Perth-based company which has developed an orbital combustion engine.

on the local stock market in 1984, is to take full control of Orbital Engine Company, previously a joint venture with BHP. In return for this and for an unwinding of loan arrangements, BHP will receive a 35 per cent stake in Sarich's expanded capital.

reduce the stake to 25 per cent. By 1988 it will be free to sell a final 15 per cent. Shares in Sarich fell 8 cents yesterday to A\$1.50, valuing the holding at some A\$141.4m (US\$115.8m).

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN NIPPON FIRE INSURANCE CO. LTD.

NOTICE IS HEREBY GIVEN that pending the payment of a cash dividend to shareholders of record date March 31, 1989 the shareholders register will be closed for the period April 1 to April 30, 1989 and during this period it will not be possible to register the transfer of shares against the surrender of EDRs.

TO THE HOLDERS OF MORTGAGE CAPITAL TRUST II COLLATERALIZED MORTGAGE OBLIGATIONS, SERIES A

Notice is hereby given that the interest rate on the Bonds for the interest period 1st April, 1989 through 1st June, 1989 is 10 3/4% per annum.

AUSTRIA

The Financial Times proposes to publish this survey on: 16th May 1989. For a full editorial synopsis and advertising details, please contact: Birgit Schöbe, Financial Times, Colindale Avenue, London NW9 1EQ.

Morgan Stanley Scav

Patrimony Fund Net asset value as at 31.3.89 US\$ 1,005.18 (+0.30)

U.S. \$100,000,000 Security Pacific Corporation

Subordinated Floating Rate Notes due 1992. Notice is hereby given that for the interest period from April 5, 1989 to July 5, 1989 the Notes will carry an interest rate of 10 3/4% per annum.

FT Books

Guides to Investment and Financial Planning. 01 799 2002 for details.

ORIFLAME INTERNATIONAL SA

NOTICE OF GENERAL MEETING

A General Meeting of Oriflame International SA ("the Company") will be held at 3, avenue Pasteur, 2311 Luxembourg on Friday 14th April, 1989 at 10 a.m. to transact the following business: Approval of the sale by Oriflame International SA to Kooperativa Förbundet (KF) of all of the issued share capital of Oriflame Scandinavia AB upon the terms and subject to the conditions of an agreement dated 10th February, 1989 between the Company and Kooperativa Förbundet (KF) etc.

FORSMARKS KRAFTGRUPP AKTIEBOLAG

£40,000,000 Guaranteed Retractable Bonds 1989/94/99 (the "Bonds")

Unconditionally guaranteed as to payment of principal and interest by The Kingdom of Sweden. NOTICE OF ADJUSTMENT TO INTEREST RATE. In accordance with Condition 5(b) of the Bonds and the notice relating thereto dated 20th March, 1989, notice is hereby given that the rate of interest payable in respect of the Bonds for the period from 12th April, 1989 to 12th April, 1994 will be 11.875 per cent per annum.

The Australian Industry Development Corporation. U.S. \$100,000,000. 11 3/4 PER CENT. NOTES DUE 1999. NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(b) of the Notes, the Corporation will redeem on May 5, 1989 all of its outstanding 11 3/4% Notes due 1999 at the redemption price of 100% of the principal amount thereof, together with accrued interest from February 28, 1989 to May 5, 1989 (67 days).

UIC to buy 20% stake in Malaysian bank

By Wong Sulong in Kuala Lumpur

UNITED Industrial Corporation (UIC), a diversified Singapore group, is to buy a 20 per cent stake in a 138m ringgit rights issue. Analysts say the deal was a better one for UIC, as it would gain a major stake in a large Malaysian bank without becoming involved in the other activities of the loss-making Roxy.

Ten Cate sells control of S African textiles group

By Jim Jones in Johannesburg

KONINKLIJKE Nivea Ten Cate (KTC), the Dutch group, has divested from South Africa by selling its 62 per cent interest in Mooi River Textiles to Avtex, a company in the Anglovaal mining and industrial group.

NCR disposes of offshoot

NCR, the US computer company, has divested from South Africa by selling out to Fintech, a local electronics company, and unnamed European investors, writes Jim Jones in Johannesburg.

NOTICE TO THE HOLDERS OF BEARER WARRANTS to subscribe for shares of common stock of SETSU CORPORATION

Issued in conjunction with U.S. \$100,000,000 5 per cent. Guaranteed Bonds 1993 ("A" Warrants) and U.S. \$120,000,000 4 1/4 per cent. Guaranteed Bonds 1993 ("B" Warrants) and £50,000,000 4 1/4 per cent. Guaranteed Bonds 1993 ("C" Warrants). NOTICE IS HEREBY GIVEN that, as a result of the issuance by Settsu Corporation on 30th March, 1989 of its U.S. \$200,000,000 5 per cent. Guaranteed Bonds 1994 with Warrants to subscribe for shares of common stock of Settsu Corporation with an initial subscription price of ¥996 per share, current subscription prices for the respective warrants were adjusted as follows:

An important announcement to our stockholders:

Copies of the 1988 Annual Report of Citicorp can now be obtained from: Citibank, N.A., 336 Strand, London WC2R 1HB, telephone 438 0960 between the hours of 9.30am and 4pm Monday to Friday. Postal applications should be addressed for the attention of Rachel Hodson, Corporate Affairs. CITICORP CITIBANK. Citicorp, 399 Park Avenue, New York, New York 10043. Incorporated in the State of Delaware.

Here is where top executives retreat. To advance. This is Arden House, site of the Columbia Business School's two-week program on: BUSINESS STRATEGY July 9-21, 1989. Designed for Executives who influence strategic planning at the business unit level. Objective: Learn how to develop and implement strategies that meet both business unit and corporate objectives. Week I: Strategy Formulation. Week II: Strategy Implementation. Topics include: Competitive Dynamics and Analysis; Financial Analysis and Strategic Investment; Environmental Analysis; International Strategy; Managing Innovation; Communications; Team Development. Faculty: Director Donald C. Hambrick, Professor at the Columbia Business School, author, consultant and other distinguished Columbia faculty and guest experts. For a brochure on this internationally-renowned program, return the coupon or call (212) 854-3395, ext. 999.

African Altech industrial group. Mr Jacques Sellschop, a director of Fintech, declined to disclose any details of the transaction yesterday but said a controlling 50.1 per cent of NCR's equity would be owned by Fintech and the remaining had been sold to institutional investors in Europe. NCR has about 70 per cent of the South African market for automatic teller machines. The US parent has appointed Fintech as its exclusive distributor in South Africa.

China & Eastern Investment Company Limited



Preliminary Announcement of Results for the six months ended 31st January, 1989.
 The unaudited consolidated results of China & Eastern Investment Company Ltd. (The "Company") and its subsidiaries (The "Group") for the six months ended 31st January, 1989 were as follows:

	Six Months Ended		(Audited) Year Ended
	31.1.1988	31.1.1988	31.1.1988
NET ASSET VALUE (US\$'000)	US\$ 29,274	US\$ 23,818	US\$ 28,242
NET ASSET VALUE PER SHARE (UNDILUTED)	1.69	1.40	1.66
GROSS REVENUE/(LOSS)			
Income from listed investments	496,150	436,605	687,267
Net gains/(loss) from trading in dealing investments	28,245	(1,911,300)	(2,012,032)
Interest on deposits	163,658	88,294	268,841
Net exchange gains	59,322	163,172	160,453
Sub-underwriting fee	1,216	9,065	9,065
Other income	550	2,074	8,130
ADMINISTRATIVE EXPENSES	755,141	(1,242,090)	(878,226)
NET REVENUE/(LOSS) BEFORE TAXATION	449,685	(1,734,331)	(1,630,195)
TAXATION	1,937	(180,089)	(158,943)
REVENUE/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	447,748	(1,554,242)	(1,471,252)
DIVIDEND	—	—	—
NET REVENUE/(LOSS) RETAINED	447,748	(1,554,242)	(1,471,252)
EARNINGS/(LOSS) PER SHARE (UNDILUTED) (US CENTS)	2.62	(9.14)	(8.65)
DIVIDEND PER SHARE (US CENTS)	—	—	—
OTHER TRANSFERS TO/(FROM) RESERVES	1,038,630	2,731,697	2,341,746
Net profit on disposal of investments (Decrease) in valuation of investments	(733,137)	(17,994,818)	(13,263,532)

*Note: The calculation of earnings per share is based on the weighted average number of shares in issue during the period.

BREAKDOWN OF INVESTMENTS AS AT 31ST JANUARY, 1989

	Assets US\$m	% of net assets
Hong Kong	20.28	69.3
Japan	6.71	22.9
Others	0.95	3.3
Net Current Assets	1.33	4.5

REVIEW OF OPERATIONS
 The period under review witnessed further strength in world stockmarkets, with Japan reaching record highs and Hong Kong continuing to recover. The world economy remains strong and once the current increase in inflation peaks, interest rates will decline.

PROSPECTS AND DIVIDEND
 The Company has a number of new projects under active consideration. The flow of suitable investment opportunities coming to the Company has decreased in volume in recent months but has improved in quality.

INTERIM REPORT
 It is expected that the full Interim Report will be sent to shareholders on Thursday, 20th April, 1989. It will be made available to the public at the Company's Registered Office: 8th Floor, Prince's Building, Hong Kong and the U.K. Transfer Agent: Ravensbourne Registrars Services Ltd., Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

DIRECTORS' INTERESTS IN SHARES AND/OR WARRANTS
 The directors who held office at 31st January, 1989 had the following beneficial interests in the shares and/or warrants of the Company as at 31st January, 1989.

	Ordinary shares of US\$0.50	Warrants
J. D. Bolsover	4,700	940
K. Nagamine	4,700	940
J. J. K. Taylor	5,900	180
J. A. Murrell	—	9,710

By Order of The Board, Veritatem Hong Kong Limited, Company Secretary

ABB Asea Brown Boveri Robotics AB

Västerås, Sweden

has acquired two thirds of the shares of

MTA Montage + Test-Automation GmbH

Naber und Tückmantel

Langenfeld, West Germany

WestLB Mergers & Acquisitions acted as advisors to the shareholders of MTA, assisted in structuring the takeover concept and managed the negotiations leading to the deal.

WestLB
 Westdeutsche Landesbank
 Düsseldorf

February 1989

London New York Tokyo Hong Kong

WestLB International S.A., Luxembourg Banque Franco-Allemande S.A., Paris

Westdeutsche Landesbank (Schweiz) AG, Zurich

Representative Offices: Beijing Melbourne Moscow Osaka Rio de Janeiro Toronto



Malaysia

US \$650,000,000

Floating Rate Notes Due 2005

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 5th April, 1989 to 5th October, 1989 the Notes will carry an Interest Rate of 10 1/2% per annum.

Interest payable on 5th October, 1989 will amount to U.S. \$563.93 per U.S. \$10,000 Note and U.S. \$13,423.18 per U.S. \$250,000 Note.

Morgan Guaranty Trust Company of New York
 London Agent Bank



US\$200,000,000

American Express Bank Ltd.

Floating Rate Subordinated Capital Notes Due 1999

Notice is hereby given that for the Interest Period 6th April, 1989 to 6th July, 1989 the Notes will bear interest at the rate of 10 1/2% per annum. The interest payable on 6th July, 1989 against coupon No. 9 will be US\$262.26 per US\$10,000 nominal and US\$6,556.42 per US\$250,000 nominal.

DATED THIS 6th DAY OF APRIL, 1989
 Principal Paying Agent

ORION ROYAL BANK LIMITED
 A member of The Royal Bank of Canada Group

INTERNATIONAL CAPITAL MARKETS

Mixed feelings over US regulation

Alfred Byrne, Allan Mostoff and Olivia Adler on SEC proposals

Several regulatory proposals recently published by the US Securities and Exchange Commission should, if adopted, ease dealings between non-US securities firms and US investors.

The proposals would create express exemptions from registration and clarify SEC policies regarding international securities transactions.

At the same time though, newly enacted insider trading legislation could expose to significantly greater liability foreign companies whose securities are traded in the US, as well as foreign securities firms dealing in securities traded in the US.

On the positive side, proposed SEC rule 15c-6 would create two "safe harbours" for non-US securities firms which provide research to US investors and execute securities transactions for them. If adopted, the rule would permit these firms to deal with US institutions, foreign affiliates of US organisations and international agencies, without registering with the SEC as broker-dealers.

For transactions not within a safe harbour, the SEC has also proposed a clear statement of its staff's general policies in this area. A proposal to codify these is also under consideration.

The first of the two proposed safe harbours would exempt from US broker-dealer registration any non-US broker-dealer whose only US clients were institutions (as defined in the rule) provided it dealt with those clients only from outside the US and only through a US-registered affiliate that executed all transactions, maintained all records, assumed full responsibility for the accounts and accepted service of process for the non-US entity.

The rule would liberalise current SEC interpretation of the statute by requiring a US-registered agent to participate in all conversations between the US institution and the unregistered entity.

The second proposed safe harbour would be available to unregistered broker-dealers whose US-related clients included only:

- Non-US branches and agencies of US entities located, for "valid business reasons," outside the US.
- Foreign affiliates of US entities located outside the US.

The International Monetary Fund, the International Bank for Reconstruction and Development, and the United Nations and its affiliates.

The proposed interpretive positions generally follow a geographic approach. Activity involving purchasers resident in the US, regardless of nationality, would be regulated, but activity involving purchasers, including US citizens, resident abroad would not be regulated even if US facilities or securities were involved in the transaction.

However, activities directed toward specifically targeted groups of US citizens resident abroad, such as US military or diplomatic personnel, would continue to be regulated.

Similarly, any conduct of securities sales activities from within the US would require US registration.

Thus, even a non-US firm selling securities exclusively to people outside the US would be required to register if it were engaged in solicitation work in the US.

If a safe harbour were not applicable, a non-US entity would have to register if it were to engage in solicited securities transactions directly with US persons in US markets.

Registration could be avoided by dealing through a US affiliate which would execute transactions (although it may do so through the non-US affiliate's trading desk), assume responsibility for the account and adopt service of process on the unregistered entity.

Unlike the proposed safe harbour, a US-registered agent would have to participate in all communications between the unregistered entity and US clients, although that agent may be located in a non-US office.

The comment period on these proposals has now expired and final action from the SEC may be expected early next year. While reaction to the general thrust of the proposal has been favourable, there has been considerable negative comment regarding both the requirement for dealing through a US affiliate and the broad definition of "solicitation," which would generally require registration of firms providing research to US investors.

The Insider Trading and Securities Fraud Enforcement Act of 1988, enacted last October, has considerably less favourable implications for non-US public companies and securities firms. The act does not define insider trading but expands the universe of persons and companies potentially liable to include those which "control" a violator. The act also considerably increases criminal penalties for direct violators.

The act provides for the payment of "bounties" to persons providing information leading to the imposition of a penalty and creates an express private right of action in favour of persons who trade contemporaneously on the opposite side, with a transaction which is in violation of the law.

Finally, the right of courts to fashion other private rights of action on behalf of persons otherwise damaged by insider trading is specifically endorsed.

It is not clear from any indication it is likely that the SEC will interpret the act as applicable to non-US persons acting abroad.

Thus non-US securities firms

involved with securities traded in the US and foreign issuers of US-traded securities should carefully consider the implications of the act - particularly the expanded "controlling person" liability.

US courts have, to date, been reluctant to impose maximum penalties for insider trading. However, the act is a clear expression of US Congressional intent that the courts deal more harshly with violators.

Moreover, another provision of the act is likely to encourage non-US authorities to assist the SEC in prosecuting insider trading violations by non-US entities.

That provision gives the SEC the right to conduct investigations in the US by a clear possession of US securities authority, but expressly requires the SEC, in exercising this authority, to consider whether the foreign country would provide reciprocal assistance to the SEC in conducting its own investigations.

Thus entities which are subject to potential liabilities will be well-advised to establish and enforce procedures that demonstrate diligent efforts to prevent misuse of material non-public information about securities. If such procedures are not directly required by the act (as they are for US registered broker-dealers and for investment advisers who are registered or required to register with the SEC).

The Insider Trading and Securities Fraud Enforcement Act is new and untested. It is broad and incorporates many undefined terms. The penalties are severe and the pressure in the US to prosecute violators, wherever located, is intense. An informed, vigilant and cautious approach would seem to be indicated.

Mr Byrne and Mr Mostoff are partners in Dechert Price & Rhoads, a US legal firm. Ms Adler is a senior associate.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

US DOLLAR	Issued	Bid	Offer	Change on week	Yield
Abbey National 7 1/2	100	122 1/2	123 1/2	+0.10	6.65
B.P.E. 7 1/2	120	94 1/2	95 1/2	+0.10	10.00
S.P.E. 7 1/2	120	94 1/2	95 1/2	+0.10	10.00
Bank of England 7 1/2	250	96 1/2	97 1/2	+0.10	9.90
Bank of France 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Italy 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Spain 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Portugal 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Greece 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Belgium 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Netherlands 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Luxembourg 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Ireland 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Denmark 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Sweden 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Norway 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Finland 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Austria 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Czech Republic 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Slovakia 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Hungary 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Poland 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Czechoslovakia 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Yugoslavia 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Bulgaria 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Romania 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Greece 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Belgium 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Netherlands 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Luxembourg 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Ireland 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Denmark 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Sweden 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Norway 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Finland 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Austria 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Czech Republic 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Slovakia 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Hungary 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Poland 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Czechoslovakia 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Yugoslavia 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Bulgaria 7 1/2	250	97 1/2	98 1/2	+0.10	9.80
Bank of Romania 7 1/2	250	97 1/2	98 1/2	+0.10	9.80

Chemical Bank quits Euromarket

By Norma Cohen

CHEMICAL BANK said yesterday it was withdrawing from Eurobond trading, becoming the eighth firm to make such a decision in recent months.

The move highlights the increasingly competitive nature of the Eurobond business where even firms with the largest market share complain that profit-making is difficult. Chemical said it would be making 15 staff redundant, out of which eight were involved in sales and trading.

While the firm has not been an underwriter of new issues for several years, it had been a market maker in the dollar sector.

Chemical said it was reorganising its fixed-interest activities, forming a new unit which would integrate all remaining money market and securities activities. Emphasis would be placed on highly liquid instruments denominated in leading currencies.

The unit would incorporate the bank's US and D-Mark government bond trading activities as well as money market and futures and options businesses.

As part of the reorganisation, Chemical also said it would be selective in seeking new Eurocommercial paper business although it would continue to participate as a dealer in existing programmes.

Eurocommercial paper, in general, has proved a highly competitive business. According to a recent Bank of England report, margins are two to three basis points compared with five to eight basis points on US commercial paper.

Saudi Intl posts strong recovery

By David Barford

SAUDI INTERNATIONAL, the London-based consortium bank in which the Saudi Arabian Monetary Agency has 50 per cent shareholding, yesterday reported pre-tax profits of \$11m (\$18.7m) for 1988.

This compares with a loss of \$44.51m in 1987 after provisions of \$56.3m against Third World debt losses.

Operating expenses including staff salaries fell to \$125m from \$136m. Mr Peter de Roos, executive director, said this was largely because of redundancies carried out in October 1987, but that the bank had also achieved economies by sub-letting part of its premises.

Total assets at the end of 1988 were \$2.6bn (\$2.3bn), while the capital and reserves of the bank amounted to \$185m (\$180m).

The bank proposed to pay dividends worth \$25m to the banks which owned it.

INTERNATIONAL CAPITAL MARKETS

GOVERNMENT BONDS

Cash outstrips long bonds over 1989 first quarter

By Katharine Campbell in London and Janet Bush in New York

ANYONE IN need of explanations as to the widespread lethargy of bond markets in the first quarter of this year can turn to a recent report by Midland Montagu, which reveals that cash has outperformed the 10-year bond in each major market.

portfolio would be facing a 14 per cent decline in the value of his holdings in dollar terms. This picture is, of course, entirely to be expected where most yield curves are inverted, or at best very flat.

BENCHMARK GOVERNMENT BONDS table with columns: Country, Coupon, Price, Change, Yield, Weak, Month

There was a significant amount of back-swing ground from its lows by late trading. Against the D-Mark, it was quoted at DM1.8690 from a low of DM1.8625. Mr Bérégovoy said it would be easier to avoid a race

on raising interest rates if the dollar did not rise. Price gains also came against a background of rising oil prices. Crude futures for May delivery were quoted 49 cents higher at \$20.44 a barrel in afternoon trading on the New York Mercantile Exchange.

which is not expected to produce an official rate rise, will include the release of the Bundesbank's 1988 profits, expected to exceed DM10bn (\$5.3bn).

Appeal for informal sterling issue queue

THE British Merchant Banking and Securities Houses Association has asked the Bank of England to consider running a queuing system for new equity and debt issues on an informal basis, now that the formal new issues queuing system has been abolished.

INTERNATIONAL BONDS

Toyota Motor Finance launches \$200m issue over two years

By Andrew Freeman

ACTIVITY EXPANDED on the Eurobond new issue market yesterday, with a series of US dollar deals relying heavily on Japanese interest.

with the deal and said that over three quarters of the bonds had been sold. Investment trusts in Tokyo were reported as heavy buyers, while there was some institutional interest in Europe.

back some ground from its lows by late trading. Against the D-Mark, it was quoted at DM1.8690 from a low of DM1.8625. Mr Bérégovoy said it would be easier to avoid a race

deal to several holders for some time, but it is understood that was quelled by the lead manager at 10 1/2%, a fine premium to the par issue price.

NEW INTERNATIONAL BOND ISSUES table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Book runner

Indosuez to acquire OMF stake as Matif feud ends

OMF, THE privately controlled French futures and options market, is to open its capital to more investors following its unofficial peace pact last week with the main Matif futures market.

LONDON MARKET STATISTICS

FT ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Index No., Index, % Change, etc. for various equity and sub-sections.

FIXED INTEREST

Table with columns: Index No., Index, % Change, etc. for various fixed interest instruments.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various market sectors like British Funds, US Stocks, etc.

LONDON RECENT ISSUES

Table listing recent equity issues with columns: Issue, Price, etc.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns: Issue, Price, etc.

RIGHTS OFFERS

Table listing rights offers with columns: Issue, Price, etc.

RIGHTS OFFERS

Table listing rights offers with columns: Issue, Price, etc.

LONDON TRADED OPTIONS

Large table listing various options contracts with columns: Option, Price, etc.

UK COMPANY NEWS

City praises 'imaginative' final shot in defence against Minorco bid Gold Fields makes earnings growth pledge

By Kenneth Gooding, Mining Correspondent
"IT IS A lovely idea and will get well-deserved and good publicity for innovation and imagination," said Mr Christopher Spreckley, an analyst with CL-Alexanders Laing & Crutchenbank of the latest ploy introduced to the takeover game by Consolidated Gold Fields yesterday.



Sir Michael Edwardes, left, chief executive of Minorco and Rudolph Agnew, Gold Fields chairman

which would be issued to existing ordinary shareholders on a one-for-one basis in 1992. The board would lose flexibility of action if they were issued ahead of that date, Mr Rudolph Agnew, Gold Fields chairman, suggested.



Mr Rogar Philimore, Minorco's commercial director, said the "elaborate device" involving the preferred shares "does not add up to a row of beans". The target was "unsubstantiated and unsupported. No effort has been made to per-

suade shareholders that it is achievable. It amounts to the Gold Fields directors saying to their shareholders: Trust us... Analysts agreed that the "performance pledge" added nothing to the value of Gold Fields shares or its net asset value - they have produced estimates about the latter ranging from £15 to £20 a share. But they suggested that it would put a higher floor under the Gold Fields price if the bid lapsed.

Throgmorton rides net asset value attack

A DISPUTE broke out yesterday at the annual meeting of Throgmorton Trust, a £300m investment trust, over the company's published net asset value... A barrage of questions from Mr Philip Darwin - who is a non-executive director of stockbrokers Laurence Priest - but stressed he was speaking as a private shareholder to the company's valuation at end-November of \$55.90 per share given in the report.

WH Smith sights cash offer for Molinare Visions

WH SMITH, the retail and distribution group, is considering making an offer for the 49 per cent of Molinare Visions, the film and video production company, it does not already own... Directors of WH Smith said they were planning a cash offer. This is likely to be "not materially in excess of market prices in recent days," they said.

British Alcan rises to £54m

By Kenneth Gooding, Mining Correspondent
HIGH METAL prices and a buoyant European economy helped to boost the taxable profits of British Alcan Aluminium, a wholly-owned subsidiary of Alcan, the Canadian group, by 42 per cent from £38.1m in 1987 to £54.2m last year.

Coloroll's programme of disposals nears an end

By Clay Harris
COLOROLL GROUP, the textiles and home furnishings company, is to raise A\$34.6m (£16.5m) in cash through the disposal of a majority holding in its Australian carpet interests... The deal brings to £130m the proceeds from selling parts of John Crowther Group, the textile company it bought for £207m last year.

Brammer unveils 16.8% rise in profits to £13.4m

By Vanessa Houliker
EARLY SYMPTOMS of economic uncertainty emerged yesterday when Brammer, the industrial services group, reported marginally lower than expected demand in its bearings distribution business... There are signs of caution in the market place. People are deferring certain expenses," said Rob Brunlike-Jones, chief executive.

Garfunkels provides boost as Belhaven hits £8m

BELHAVEN, the restaurant group which recently sold its brewing business to Control Securities, yesterday announced pre-tax profits of £3.05m for 1988 compared with £2.91m in the previous nine month period, writes Lisa Wood. Turnover amounted to £53.29m (£42.78m) with Garfunkels, the 111-strong restaurant chain, contributing £52.71m (£32.6m) and Belhaven brewery £0.71m (£2.7m).

Belhaven sold its brewery to Mr Nazim Virani's Control Securities last December for £2.5m Control shares. These were sold in March for £7.5m. Extraordinary items of £1.42m (£44,000) included £23,000 relating to compensation paid to Mr Raymond Miguel, who quit the business last year, and associated costs

Hornby on the fast track

Having beaten its targets in all respects, Hornby Group, the toy and hobby product maker, reported an increase in pre-tax profit of 31 per cent for 1988, from £1.8m (£2.7m) to £2.36m (£3.8m)... Mr John Ashcroft, Hornby chairman, said the sale of Brinkman was expected to recoup £40m to £50m (£23.5m-£29.5m).

Merlin Intl to abandon its Australian interests

By Paul Cheswright, Property Correspondent
MERLIN International, the property company specialising in retail centres, is effectively abandoning its Australian development programme... This signals a scaling down of the ambitions which led Merlin in 1987 into a triangular relationship with the Hayson interests in Australia and the Enterprise Development Company in the US.

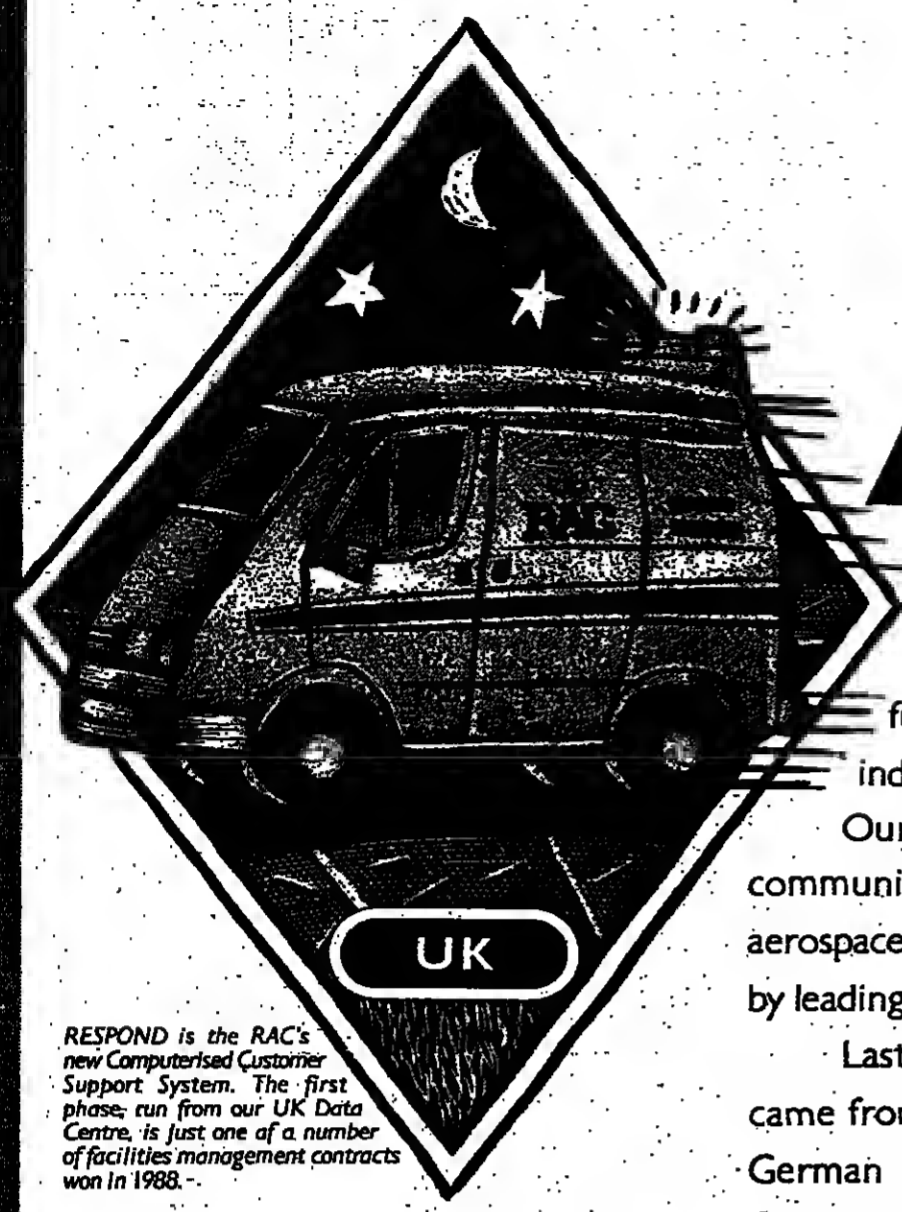
METAL CLOSURES GROUP PLC INTERNATIONAL PACKAGING AND PRINT SPECIALISTS Preliminary Announcement of Results (Unaudited) Year to 31st December 1988

DIVIDENDS ANNOUNCED Table with columns: Current payment, Date of payment, Current year, Total last year

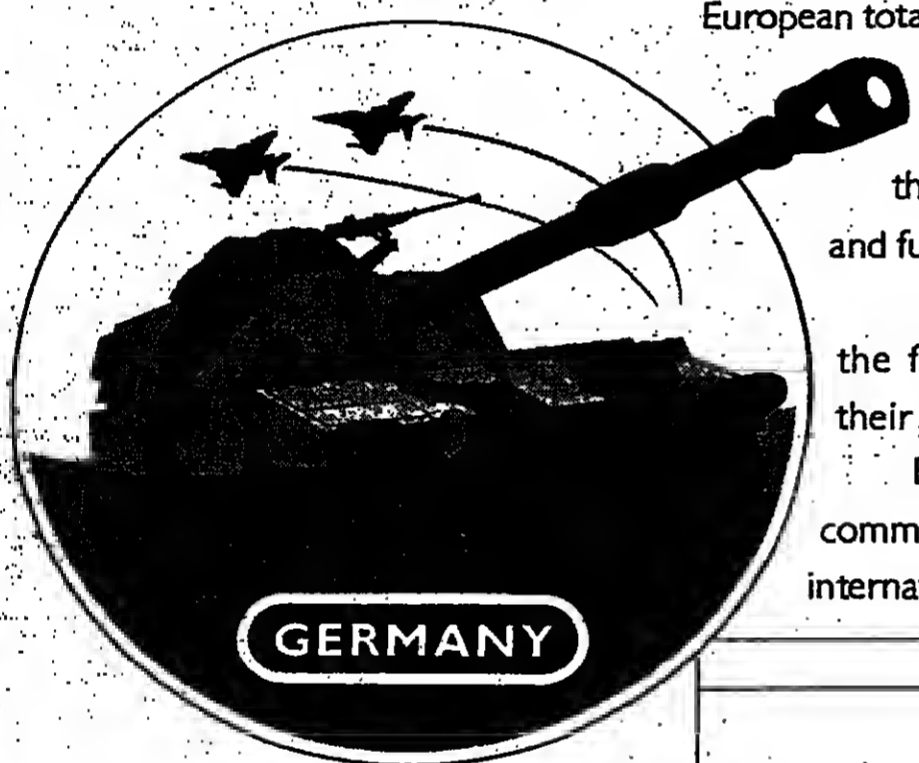


Summary of financial results: Profit before tax £6.5m (1988) vs £5.2m (1987), Earnings per share 14.5p (1988) vs 11.7p (1987), Dividend (net) 3.5p (1988) vs 3.0p (1987)

"The whole Group is now poised to enter a new era of expansion with a strong management team, a firm financial base, and clear objectives. We believe that within the chemical industry there is enormous scope for the continued expansion of MTM."



RESPOND is the RAC's new Computerised Customer Support System. The first phase, run from our UK Data Centre, is just one of a number of facilities management contracts won in 1988.



Project JASMIN, a study of the German sub-system within NATO's Battlefield Information Collection and Exploitation System.

April 1988 saw the merger of Systems Designers and Scicon, creating one of the largest European software systems and services groups, with more than five thousand staff in over fifty offices worldwide. Now, barely a year later, the combined strengths and complementary skills of our staff have been fully integrated, resulting in a major force in our industry.

Our operations span six major market sectors: communications, finance, energy, industry, defence and aerospace and civil government. Each sector is supported by leading-edge technology research in key areas.

Last year nearly three quarters of our turnover came from Europe, with sales from our French and German companies contributing over half of this European total.

With the approach of the Single European Market in 1992, we are well placed to meet the challenge of servicing the needs of our present and future clients.

And in the USA our specialist companies servicing the financial and automotive sectors have maintained their strong market positions.

But whatever the areas of operations, our total commitment to quality of product, excellence of service and international strength underlines our strategy for the future.

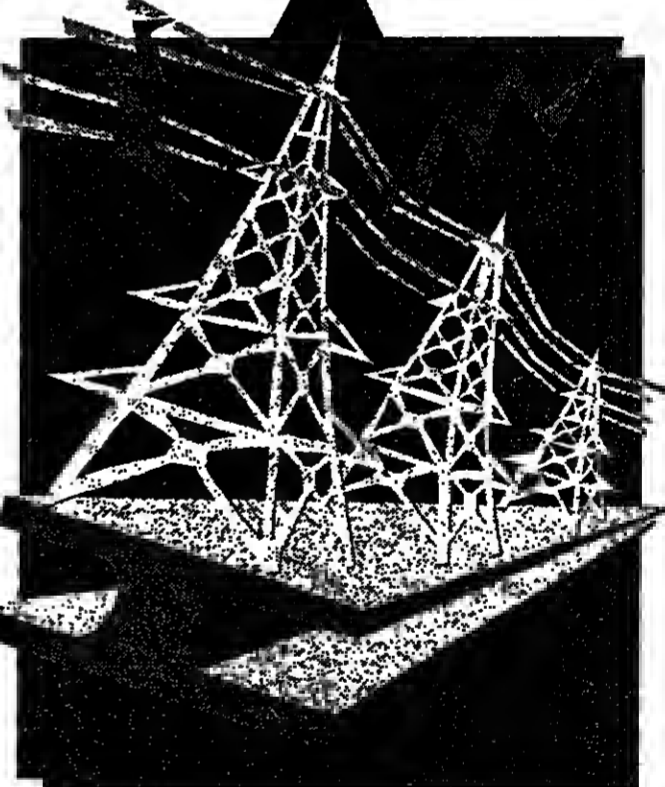
NORWAY

The contract for the Norwegian Meteorological Message Switch was the fifth national meteorological system recently won in Europe, reinforcing SD-Scicon's position as a leading European supplier.



In partnership with Bull, the major French owned computer manufacturer, we are developing the reservation and administration systems for the new Opéra Bastille in Paris, to be inaugurated during this year's celebrations of the Bicentenary of the French Revolution.

SPAIN



In Spain, one of Europe's fastest growing industrial economies, we have established a strong position in capital plant maintenance systems with five contracts in 1988 in the steelmaking, oil and electricity industries.

FINANCIAL HIGHLIGHTS

	1988 £'000	1987 £'000
Turnover	221,565	83,644
Operating Profit	15,386	8,367
Profit Before Tax	13,354	7,363
Earnings Per Ordinary Share	4.01p	3.84p
Dividends Per Ordinary Share	0.75p	0.65p

Extract from the Accounts for the year ended 31st December 1988 which contain an unqualified audit report and which have not yet been filed with the Registrar of Companies. Earnings per share have been adjusted to take account of the rights issue in April 1988. The past is not necessarily a guide to the future.

Our 1988 Annual Report will be published in mid April. For a copy, please contact the Company Secretary, SD-Scicon plc, Centrum House, 101-103 Fleet Road, Fleet, Hampshire GU13 8NZ.

It all adds up to a successful year.

SD SCICON

SD-SCICON PLC

WESSANEN

Koninklijke Wessanen NV

1989 Annual General Meeting

The Annual General Meeting will be held at the Okura Hotel, Ferdinand Botstraat, Amsterdam at 2.30 p.m. on Thursday, April 20, 1989.

The Meeting is open to holders of Priority shares, Registered Ordinary shares and Bearer Depository Receipts, and to representatives of the Press upon presentation of their press pass.

As provided for in Article 28, clause 6 of the Articles of Association of the Company, holders of Bearer Depository Receipts for shares of Koninklijke Wessanen NV issued by the Stichting Administratiekantoor van aandelen Koninklijke Wessanen NV are entitled to attend the Meeting in person, or to be represented by a proxy appointed in writing, and may address the Meeting, provided that they have lodged their Bearer Depository Receipts or a receipt given therewith with the Amsterdam-Rotterdam Bank NV, Herengracht 597, 1017 CE Amsterdam, the Netherlands by April 17, 1989 and have obtained a receipt which will serve as a card of admission to the Meeting.

Copies of the Annual Report and the Annual Accounts 1988 are available at the offices of Koninklijke Wessanen NV and, in the United Kingdom, at the offices of Casenove & Co., European Dept., 12 Tokenhouse Yard, London EC2R 7AN.

Agenda

1. Opening
2. Report of the Board of Managing Directors for 1988.
3. Adoption of the 1988 Annual Accounts, including the appropriation of 1988 net income.
4. Extension of the authoritative powers of the holders of priority shares with respect to the issue of shares and the resolution or exclusion of preferential subscription rights.
5. Authorization of the Company to acquire its own shares or depository receipts for its own shares.
6. a. Reappointment of members of the Supervisory Board
b. Appointment of a member of the Supervisory Board
7. Any other business and closing.

The Board of Managing Directors

April 5, 1989

Koninklijke Wessanen NV
P.O. Box 410
1180 AK Amstelveen
The Netherlands



NOTICE TO ADVERTISERS

NEW FT FAX NUMBER

From Monday 20th March

The Advertisement Production Fax Number is:

(01) 873 3663

Elders High Court battle to block the creation of Europe's largest packaging group

MB Group fights for £830m merger

By Raymond Hughes, Law Courts Correspondent

MB Group yesterday asked the High Court to sanction the proposed £830m merger between Metalbox Packaging, its packaging subsidiary and Carnaud, the French packaging company.

The Anglo-French merger under which a new company, CMB Packaging, would become Europe's largest packaging group, should have taken effect on Saturday.

However it has been blocked by Elders Investments, a subsidiary of Mr John Elliott's Elders IXL brewing, farming and finance group, which holds five per cent of MB's ordinary shares and 25.06 per cent of MB's warrants which entitle it to buy another 1.2 per cent of the shares.

Although Elders is a rejected purchaser - its earlier attempts to buy the packaging division having been firmly refused by MB's board - its current motives for trying to block the merger remain unclear, as it is no longer trying to buy the packaging interests. It seems to be chiefly concerned that the deal will not give sufficient value to shareholders, an argument which MB is anxiously trying to refute.

Mr Richard Sykes, QC, for MB, urged Mr Justice Harman to disregard Elders' objections that the scheme deprived it of its legal rights as a warrant holder.

Mr Sykes said that the overall effect of the scheme would be that MB's shareholders would end up owning 100 per cent of its non-packaging activ-

During his opening of the case Mr Richard Sykes said to the judge: "You might ask, what is Elders up to?"

Mr Justice Harman: "Pursuing its own interests, I assume - in making money. Is that not a proper and ordinary avocation of all reasonable people?"

Mr Sykes: "Well, of investors."

The judge: "Dr Johnson said a man is never so innocently employed as when he is making money. Well, that is right."

(Dr Johnson: "There are few ways in which a man can be more innocently employed than in getting money.")

ities in a new MB company, and an interest in the merged packaging business.

It had been approved by an overwhelming majority at shareholders meeting on February 24.

Mr Sykes said that, as proposals to warrant holders had to be approved by a 75 per cent majority, Elders had a blocking minority holding, about half of which it had acquired after the posting of the scheme document in January so as to defeat a proposal to put to warrant holders under the scheme.

That proposal was that the holders could either exercise their warrants early at a reduced price or exchange them for warrants in new MB Group.

At a warrant holders' meeting on February 15 the proposal was defeated, even though over 99 per cent of the votes, other than Elders', were cast in its favour.

"The company was naturally concerned both that the scheme it considered was in the interests of the ordinary shareholders should not be jeopardised, and also that holders of warrants should not be

boxed-in because of the attitude of Elders," Mr Sykes said.

It put forward new proposals, offering similar terms, but not conditional on the passing of any resolution.

The present position was that 8,566,701 of the 16.2m warrants had been exercised, the holders of 1,825,413 had accepted the exchange offer and 1,841,066 warrants had been purchased by MB.

Mr Sykes said that the warrant contracts contained a number of covenants. One was that MB would keep available sufficient unissued ordinary shares to enable warrant holders' rights to be satisfied. Another was that the company would use its best endeavours to maintain a listing for its ordinary shares on the Stock Exchange.

The passing of the resolution at the February 24 meeting breached the first covenant since all the unissued ordinary shares had been cancelled for sale.

If the scheme became effective the second covenant also would be breached.

Mr Sykes said that Elders had acted differently at differ-



John Elliott, Elders holder 25.06 per cent of MB warrants

ent stages. First it had bought about five per cent of MB's ordinary shares in a covert operation through a string of overseas companies.

After the scheme document had been posted it had bought more warrants.

It had then found some partners and made a proposal to buy MB's packaging division - which had been decisively rejected by MB's board.

Elders currently opposed the scheme on the ground that the scheme document did not provide shareholders with necessary information and that shareholders had not been properly informed about the new proposals to warrant holders and the effect of the breaches of covenants.

Mr Sykes contended that the scheme document contained all necessary information and that it had not been necessary to give shareholders more information than they had received about the warrant proposals.

He said that Elders' complaint should not be taken seriously because it had not been made before the shareholders' meeting.

Its complaint as a warrant holder also was unfounded. There had been an irremediable breach of the warrant holders' contract covenant, but a breach of contract with a third party was not necessarily a reason for refusing to sanction a scheme, Mr Sykes contended.

Mr Justice Harman commented that he was uncertain about that.

Metal Closures improves 12% to £7.64m

By John Ridding

PRE-TAX profits at Metal Closures Group, the packaging and printing company, rose to £7.64m last year, a 12 per cent improvement over 1987.

The increase was achieved in spite of the strength of sterling, which caused a reduction of £1m in pre-tax profits on translation of overseas results.

In addition, £1.4m was written off against reserves in relation to the group's overseas assets.

On the other hand, profits were boosted by a pension fund holiday which added £796,000 to profits.

Turnover was adjusted downwards by £5m to reflect the closure of the London Colney aluminium slug operation in 1987. On this basis, sales rose by 17 per cent to £114.9m.

In August, the group received £7m on the disposal of related land and, after

tax, this formed the bulk of a £4.5m extraordinary item.

Earnings per share grew by 26 per cent to 14.9p.

A final dividend of 5.8p (5.2p) has been proposed giving a total for the year of 8.15p (7.4p).

Mr John James, Managing Director, said that sales had improved across the group's operations and that its Italian and South African companies returned record results.

The group did not give a breakdown of production and sales by area but said that overseas turnover accounted for about 40 per cent of the total.

During the year capital expenditure amounted to around £9m.

This included expenditure in support of the DUET plastic closure operations which are

now in operation in the Midlands, Italy and South Africa.

The group's operations in the pre-press services market were expanded through the acquisition of three companies previously owned by Gilchrist.

According to Mr James, these performed in line with budget and made a positive contribution to profits.

translations. Domestically, any impact that higher interest rates have on consumer expenditure will soon be felt by Metal Closures. On top of this, its pensions holiday is drawing to a close. The company itself seems to be doing the right things. Its expansion into the rapidly growing pre-press market is likely to improve returns as are last year's investments in plastic closure operations. The benefits of these investments and related acquisitions should become evident this year and with gearing at 22 per cent there is scope for further expansion.

The factors outside the group's control, however, imply profits of no more than £8m. This puts shares on a multiple of 13 which, given that Suter, the industrial holding company, has increased its stake to over 26 per cent, includes a fair degree of bid speculation.

Johnston Group advances to over £8m

Profits of Johnston Group, the Surrey-based civil and mechanical engineering, rose from £7.25m to a record £8.97m pre-tax for 1988. Turnover was some £20m ahead at £98.14m.

The dividend for the year is being lifted by 1.5p to 11.5p via a final of 8.5p from earnings of 48.03p against 42.65p previously. At year-end net asset value per 10p ordinary was 71p higher at 85p.

The engineering division as a whole improved its performance while the US subsidiary reduced its losses with the current year expected to show a continued improvement.

In the US, Johnston's subsidiary overcame the manufacturing difficulties which had affected 1987 and a better return was being looked for in 1989. The civil engineering supplies division enjoyed a good year.

Silentnight advances 32% to top £11m

By Andrew Hill

SILENTNIGHT Holdings, the bed and furniture maker, yesterday unveiled a 32 per cent increase in pre-tax profits to £11.1m in the year to January 28, despite the impact of higher interest rates and new flammability regulations.

Mr Christopher Burnett, chief executive, warned that rules on the flammability of furniture fabrics, which come into force in March 1990, could again delay the supply of new furniture to retailers in 1989.

Earnings rose from 11.58p to 15.37p and the recommended final dividend is 4.75p, making 7p (6.25p) for the year.

Silentnight also announced a deal with its major customer, Lowndes Queensway, the furniture store chain. The contract - to deliver beds direct to customers' homes - aims to cut delivery time down to about 16 days, against the present eight to 10 weeks.

Mr Burnett said he hoped the deal would boost Silentnight's turnover through Queensway to about £10m, and encourage the store's competitors to install direct delivery systems.

Ironically, trading and management problems at Queensway held back Silentnight's earnings in 1988. Group turnover rose 30 per cent from £105.6m to £125.99m - excluding Queensway, sales increased 25 per cent.

Beds turnover rose to £76.7m (£65.5m), sales of cabinets to nearly £17m (£7.85m), and international turnover from £5.88m to £7.19m. Upholstery sales rose to £24.6m (£24.5m).

The group said the benefits of acquisitions made during 1988 and in the first half of 1989-90 should come through this year.

COMMENT

The fact that Queensway is the first major retailer to use Silentnight's computerised direct delivery system is slightly unfortunate, given the store group's turbulent recent history. But the theory behind the deal is sound, and should demonstrate once again the strength of Silentnight's marketing and promotion strategy. For most analysts that is enough to offset the caution of the full-year statement. Silentnight hopes to forestall problems caused by new flammability regulations by supplying furniture which meets the new rules from mid-summer, but an unfavourable economic climate and slackening consumer demand are less easy to handle. Forecasts for 1989-90 of £12m or £13m before tax put the shares, unchanged at 170p yesterday, on a prospective p/e of 9.5 or 10 - worth keeping an eye on over the next few months with a view to buying in the longer term.

This advertisement is issued in compliance with the Regulations of the Council of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase any securities. Application has been made to the Council of the Stock Exchange for the grant of permission to deal in the entire issued share capital of The Property Company of London PLC. It is expected that dealings in the Ordinary Shares will commence on 10 April, 1989.

THE PROPERTY COMPANY OF LONDON PLC

(formerly HOUSE PROPERTY COMPANY OF LONDON PLC)
(Incorporated in England under the Companies' Acts 1962 to 1983 Registered No. 21813)

Introduction to the Unlisted Securities Market sponsored by ANZ McCaUGHAN SECURITIES (UK) LIMITED

Authorised	SHARE CAPITAL	Issued and fully paid
£9,050,000	Ordinary Shares of 50p each	£6,556,321.50

The Property Company of London PLC is engaged in the development of residential and commercial property.

Particulars of the Company have been circulated in the Extel Statistical Service and copies may be obtained during normal business hours from:

ANZ McCaughan Securities (UK) Limited
65 Holborn Viaduct
London EC1A 2EU
Member ANZ Group Member of The Securities Association

Alexandra Workwear climbs 24% to £6.27m

By Vanessa Houder

ALEXANDRA WORKWEAR, the largest workwear manufacturer in Europe, yesterday announced a 24 per cent increase in pre-tax profits from £5.06m to £6.27m for the year to January 28.

Increased delivery costs due to the postal strike knocked about £100,000 off profits. The strike also delayed the posting of the autumn catalogue. Mr John Prior, chairman and chief executive, said that the impact of the strike was minimised and sales continued to develop satisfactorily.

Overall, sales increased by 21 per cent from £40.7m to £49.4m. This was made up of a 23 per cent rise in UK sales to £46.8m and a 1 per cent rise in overseas sales to £2.6m.

The retailing activities have been expanded with new shops in Dundee, Newcastle and Bournemouth, bringing the current number of shops to 24. Alexandra is due to open a combined shop and sales office in Paris in May.

The company's gearing increased from 21 per cent to 23 per cent. The return on capital was unchanged at 48 per cent.

Earnings per share increased by 25 per cent to 12.5p (10p). A final dividend of 6.5p per share brings the total dividend for the year to 3.5p (3.2p), an increase of 22 per cent.

COMMENT

An enthusiastic City following and a generous rating are rare attributes in a textile manufacturer. But as these results confirmed - Alexandra has little in common with the traditional textile industry. It is insulated from imports and should not suffer from the consumer squeeze. Furthermore, it is enjoying a growing market thanks to the increased popularity of 'house style' clothing and a move towards multi-piece outfits. On top of that, Alexandra's strong reputation for service may give it room to improve its market share of near 30 per cent. Meanwhile its expansion into France is seen as a useful source of future growth, even though the benefits are unlikely to be evident for a couple of years. Analysts expect pre-tax profits of £7.5m this year, which puts the shares, at 5p to 191p, on a fully valued p/e of 13.

Swallowfield on target and pays promised 3p

SWALLOWFIELD, the aerosol manufacturer, has comfortably achieved its profit forecast and is paying the promised 3p dividend for 1988. It joined the USM last October.

From turnover of £14.37m (£12.78m), pre-tax profits came to £1.92m, compared with £1.85m forecast and with £1.34m attained in 1987. Earnings were 14.6p (10.5p).

Mr Tony Wardell, managing director, said although it was a difficult year for the industry, Swallowfield more than maintained market share by pushing up unit sales by 8 per cent.

Own label business for many of the foremost high street companies gained particularly well. The new bag-in-can products had a good first year - this process has the advantage of not mixing product and propellant.

The group is installing an anti-perspirant/deodorant stick plant which should be in production this month. Anti-perspirant/deodorant aerosols are the most difficult to reformulate with non-CFC gases, and Swallowfield believes that consumers will demand a stick preparation as in the US.

Bae foreign limit breached

Foreign-field shares in British Aerospace have once again breached the 15 per cent Government-imposed limit.

The company was informed by its registrar that 38,497,411 shares, representing 15.04 per cent of the share capital, were in foreign hands. The company will now instruct those foreign investors holding shares in excess of the limit to sell their holdings.

Alexandra

WORKWEAR plc

Summary of Results for the 52 weeks to 28th January 1989

	1988	1989	% change
£'000	£'000	£'000	
SALES	49,396	40,897	+21%
PROFIT BEFORE TAX	6,266	5,057	+24%
EARNINGS PER SHARE	12.5p	10.0p	+25%
DIVIDEND PER SHARE (NET)	3.5p	3.2p	+22%

Commenting, Chairman John Prior said:

- ★ Another successful year for the Group, substantial increase in profit and turnover.
- ★ Proposed final dividend 2.55p (net) total 3.9p.
- ★ Continued expansion into new markets.
- ★ We can look forward to the Group's continued growth and another good year.

Alexandra is Europe's leading supplier and manufacturer of quality workwear and career wear.

Catalogues and copies of the Annual Report are available from the address below.

ALEXANDRA WORKWEAR plc
Alexandra House, Patchway, Bristol BS12 5TP
02723 63608

BOSTON EQUITY INVESTMENT FUND, SICAV

41, Boulevard Royal
Luxembourg

R.C. LUXEMBOURG B 22854

Notice is hereby given that the extraordinary general meeting of shareholders will be held at the registered office 41, Blvd. Royal, Luxembourg, on April 15, 1989 at 10 a.m. with the following agenda:

- Amendment of the articles 1, 2, 3, 5, 8, 9, 12, 18, 20, 21, 22, 23, 24, 29 of the Articles of Incorporation of the Company in order to conform them to the law of March 30, 1988, more specifically to insert the investment policy and its restrictions as set out by the said law.
- Cancellation of article 17.
- Appointment of two new members of the Board of Directors, Mr Peter J. ROSS, Vice-President, The First National Bank of Boston, Boston, Mass., USA and Mr Kenneth B. INGRAM, Vice President, The First National Bank of Boston, Boston, Mass., U.S.A.

The resolutions may be passed with a minimum number of 75 per cent of the issued shares by a majority of two thirds of the votes cast thereon at the meeting.

A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a shareholder of the Fund.

A copy of the new version of the proposed articles of incorporation is available for inspection at the registered office of the Company where a copy may be obtained.

By order of the Board of Directors

Gardiner in £9.6m buy

By Andrew Hill

GARDINER Group, distributor of security products, is to buy Bridgend Group's security division for £9.6m in cash - £500,000 more than Bridgend's market value.

The deal - funded by a one-for-two rights issue, raising £9m - will leave Bridgend with its electrical wholesaling division intact, and with cash to expand with further acquisitions in the same field. Electrical wholesaling currently accounts for only 30 per cent of the group's turnover.

Last August, Gardiner rejected an offer from Bridgend in favour of a bid for 40 per cent of its shares from two other security groups, Automated Security (Holdings) and Scantronic Holdings. It first announced it had approached Bridgend in February.

Both ASE and Scantronic will take up their full entitle-

ment of shares in the rights issue.

Yesterday's move could leave the smaller Bridgend vulnerable to a full bid from predators interested in making a disguised rights issue by buying a cash-rich company.

Yesterday Bridgend's shares rose from 50p to 83 1/2p and Gardiner's from 51p to 55p, compared with the rights issue price of 45p.

Gardiner is buying Bridgend's Associated Trust Holdings, Elsec and Bridgend Technologies subsidiaries, wholesalers, distributors and manufacturers of security products in the UK and the Irish Republic.

A further £300,000 could be paid if the security division's assets vary from £3m, while the payment will be reduced if the division's gross profits are less than £2.7m in 1988.

HODGSON HOLDINGS plc

(Incorporated in England under the Companies Act 1917 No 187030)

Introduction to the Official List

of 20,189,949 Ordinary shares and 15,545,103 6.25p Convertible Preference shares

Authorised	Issued and fully paid	
40,000,000	Ordinary shares of 5p each	20,189,949
15,545,103	6.25p Convertible Preference shares of 5p each	15,545,103
15,000,000	8.5p Convertible Preference shares of 5p each	15,000,000

The principal business of Hodgson Holdings plc is that of funeral directors.

Listing particulars relating to Hodgson Holdings plc will be available in the statistical service maintained by Extel Financial Limited from 10th April, 1989, and copies may be obtained during normal business hours on 10th April and 11th April, 1989 at the Announcements Office of The Stock Exchange and during normal business hours on any weekday (Saturday and public holidays excepted) up to and including 24th April, 1989 from:

UBS Phillips & Drew Securities Limited
100 Liverpool Street,
London EC2M 2RH

Hodgson Holdings plc
The Oaklands,
2 Holyhead Road,
Handsworth,
Birmingham,
B21 0LT.

Member of The Stock Exchange
Member of The Securities Association
30 April, 1989

UK COMPANY NEWS

Benefits of aggressive acquisitions policy only partially reflected
Meggitt advances 29% to £21m

By Ray Bashford

MEGGITT HOLDINGS, the specialist engineering group, boosted pre-tax profits 29 per cent from £16.3m to £21.1m during 1988.

The result was posted after a 17 per cent rise in turnover to £194.5m, compared with £166.6m in the previous 12 months.

Earnings per share increased from 9.3p to 10.4p. The board is recommending an improved final dividend of 1.5p making the total 2.75p (2.55p).

Mr Ken Coates, managing director, said the company had achieved its aim of focusing on four principal areas, aerospace and defence, controls and instrumentation, electronics and energy engineering, all of which made increased contributions.

The benefits of the aggressive acquisitions policy, which led to £70m of purchases during the year was only partially reflected in the performance.

Microsystems, the US-listed electronic products group, acquired for

£24.6m, made a contribution for only two months to the controls and instrumentation and electronics divisions.

Aerospace and defence operations saw a 14 per cent growth in turnover to £72.5m (£72.5m), despite the difficulties that it and other defence contractors has experienced in delays with Ministry of Defence contracts.

The civil aerospace business were able to counteract the impact of MoD delays and grew amid increased activity in the US, and continental European industry.

Control and Instrumentation was the second biggest contributor to turnover which rose by 10 per cent to £49m (£42m).

The managing director expected this division to advance strongly during the current 12 months following several acquisitions.

The energy engineering division recorded the biggest per cent improvement in turnover



Ken Coates focusing on four principle areas

COMMENT

These results contained no surprises which is only fitting for Meggitt appears set on a course of solid but unexciting growth in the short to medium term. There is little to grumble about in these figures or in the record for growth over the past five years. However, Meggitt appears destined to be a small player in a diverse range of businesses where major corporate forces dominate. The acquisitions made in the 12 months under review will bear fruit in the current year and with gearing down to 5 per cent there is room for further cash purchases. Alert management has minimised the impact of delays in MoD contracts and the civil aerospace business shows every indication of regaining its strong contribution for the remainder of the year. Forecasts of pre-tax profits of £27.5m for the current year gives a prospective multiple of 10 which makes the shares interesting for those with a longer-term outlook.

Return to acquisition trail for TT

By Graham Deller

TT GROUP, the industrial fasteners, aerospace components and packaging group, has conditionally agreed to acquire Newship Manufacturing from Mr John Newman and Mr Nicholas Shipp, the management duo which gained control of TT in February 1988.

The deal, which values Newship at about £12.7m, comprises £2.1m cash and the allotment of 4.3m new TT shares plus a dividend of £338,000 to the vendors.

On completion, Mr Newman and Mr Shipp will control 32.6 per cent of the enlarged group and will seek confirmation from the Takeover Panel that they will not be obliged to mount a general offer under Rule 9 of the City Code. The deal is also subject to shareholders' approval.

Newship is engaged in the manufacture of products for the construction industry together with a metal finishing service. During 1988, it achieved pre-tax profits of £1.6m on turnover of £12.7m. Net assets at the year-end amounted to some £1.5m.

TT, the former Tysack Turner, yesterday also announced preliminary results for 1988 which showed pre-tax profits sharply higher at £5.5m (£3.1m) on turnover ahead 67 per cent at £28.0m. Earnings per share expanded to 20p (14.1p) and the dividend is raised to 6p (5p) through a proposed final of 4p.

The outcome exceeded the group's own forecast of £2.2m made at the time of its takeover last August of Boston Clark, the glass and plastic packaging manufacturer. Mr Timothy Reed, chairman, said: "A major rationalisation programme should lead to a significant enhancement in profitability at Boston Clark in the current year."

Mr Reed stated that the increase in profits was attributable to organic growth from Delight International, the industrial fasteners subsidiary, and United Packaging, together with useful contributions from Boston Clark and Binteliffe Turner, also acquired during the year.

Shandwick shows good growth

By Nikki Tait

SHANDWICK, the acquisitive UK-based public relations company, yesterday announced pre-tax profits of £6.5m in the first six months to end-January. The figure was scored on operating income of £30.9m.

The profits figure compares with £3.1m in the first half of 1987-88, but part of the increase reflected acquisitions. Yesterday, Shandwick declined to break out the precise impact of these, but said that organic growth had exceeded 20 per cent. It added that some 400 clients and worth over £10m in fee income were won in the first half.

At the earnings per share level, there was a 15.9 per cent increase to 21.5p after a 34.5 (35.1) per cent tax charge. The interim dividend goes up by one-third to 2.67p a share.

However, Mr Peter Gummer, the company's chairman, indicated yesterday that the pace of acquisitions would now slow significantly. "Shandwick's network is substantially complete," he said.

The company still has a few

areas where it would like to add businesses but such deals would be relatively modest. Shandwick said that the interim profit was struck after over £500,000 additional expenditure on its financial and administrative infrastructure. It also said that second half trading had begun well with signs of marketing co-operation between the international regions and their offices.

COMMENT

There were few surprises in the Shandwick figures yesterday, but - in the wake of the Satchel warning - even a little good news goes a fair way in the sector these days, and the shares duly added 6p at 559p. That can probably be explained by the dividend increase - more generous than most analysts expected - and the bullish trading statement. The highlighting of Shandwick's attention to financial controls was also probably testimony to the company's PR skills. Even if such measures add to costs, investors may find this preferable to any potential mishaps. For the future, the company seems to be indicating greater reliance of organic growth, suggesting its industry is growing at over 20 per cent per annum, whilst also pointing to the defensive merits which its spread of customers provides. Some analysts remain slightly sceptical - remembering the propensity of marketing services companies to seize opportunities which present themselves despite stated policies. Moreover, in the face of general worries about earnest deals, maximum future payments of around £50m - now, post-Golin through to 1994 - may still cloud sentiment. If the year-end profits total is around £14.5m, the shares are on a 10 times rating which - adjusting for year-ends - that may be a touch below the sector average. However, the shares have already had a strong run since December. In short, there may be a little more to go for short-term, but the stock's rating seems likely to be over.

Problems at Lexterten restrict Era to £4.6m

By David Waller

PROBLEMS AT its Lexterten subsidiary resulted in Era Group, the retail company formerly known as The Times Vases, reporting a 15 per cent fall from £3.58m to £2.8m in pre-tax profits for 1988.

Three of the company's four retail businesses did well last year, driving turnover turnover up from £50.07m to £67.25m. Although earnings per share fell from 6.82p to 5.53p, the directors recommended a final dividend of 1.75p, making 2.75p for the year - an increase of 10 per cent.

The pre-tax figure included £615,000 from property transactions and a £455,000 profit from share dealings. It was arrived at after charging £803,000 in exceptional costs relating to Lexterten, the reproduction furniture subsidiary.

Lexterten's turnover climbed from £14.32m to £15.56m, but a profit of £1.66m turned into a loss of £339,000.

The company both makes and sells furniture, and it was on the production side that it experienced its difficulties. The Kohstam subsidiary - which incorporates the Beatles chain of model and hobbies shops - produced record profits of £4.69m, up from £3.61m.

The problem at the furniture company meant that increased trading levels could not counteract the margin slippage which resulted from the production problems; there was also the exceptional charge, of which £231,000 corrected an overvaluation of stock at the end of 1987 and a further £252,000 arose because of another stock adjustment after a physical stock count at the end of 1988.

The company said that problems arising at Lexterten have been and are being "urgently addressed" by a new management team; meanwhile, the board's confidence in the future, buttressed by a strong balance sheet, was enough to justify the increase in the dividend.

Disappointing joint venture limits MTM advance to 27%

By John Ridding

MTM, the specialty chemicals manufacturer, yesterday announced a 27 per cent rise in pre-tax profits for 1988 to £8.6m despite a disappointing performance by Norsocem, its joint venture with Orkem of France.

Turnover, including including its 50 per cent share of Norsocem, grew by 42 per cent from £39.8m to £56.7m.

Despite an increased tax rate, resulting in an increased charge of £1.3m (£800,000), earnings per share rose by 24 per cent to 14.5p. A final dividend of 2.4p (2p) has been recommended giving a total for the year of 3.5p (3p).

The pre-tax figures included about £1m resulting from consultant fees relating to the setting up of Norsocem.

The main trading profit centre during the year was MTM Chemicals, the largest subsidiary, which contributed £1.5m after breaking even in 1987. The specialist coatings division also experienced a strong improvement turning in a profit of £180,000 after losses of £300,000 in 1987.

Norsocem, however, experienced a difficult year and suffered a fall in profits. This was attributed to high prices for

Toluene, a principal raw material, and also to difficulties in the management structure which was changed towards the end of the year.

A number of acquisitions were made during the year which also contributed to sales. In particular, the company's US operations were expanded through the purchase of Traybor, the agrochemical and pharmaceutical producer. Reflecting this, sales in the US grew by about 75 per cent.

Europe also saw an increase in sales with its share of total turnover rising from 30 per cent to 36 per cent. Mr David Fyfe, managing director, estimated that currency translation had reduced profits by £250,000.

Capital expenditure amounted to £10.5m compared with £5m in 1987. This year, £12m has been budgeted, which includes a major plant construction programme at MTM's Kirkby site.

Mr Fyfe gave details of a comprehensive strategic review whereby a business area marketing strategy will be adopted as opposed to the previous subsidiary based sales approach.

There is also to be increased emphasis on developing technologies in organic chemical synthesis to meet increasing

demand for these products.

COMMENT

MTM's results were marred only by the poor performance of Norsocem. In all other areas the group made good progress. Unfortunately, there seems little short-term prospect of improving the joint venture's fortunes. Toluene prices are set to continue strong and are likely to more than offset the benefits of the improved management structure. Norsocem's shortcomings should however, be far outweighed by the continuation of strong sales in MTM's other businesses, particularly agrochemicals. In addition, 1989 will see the first benefits of last year's significant capital expenditure and the development of the company's presence in the US market. As a result, profits in the region of 50m can be expected. This puts the shares on a multiple of about 12, which gives the increasing returns which should flow from current investments, seems good. An additional boost would be provided in 1991 should Orkem take up its call option for Norsocem. On current form, and with its strategy of developing high value added products, MTM should hope that it will.

Boustead nears £4m

AN outstanding 1988 at Boustead saw turnover grow from £39.45m to £64.3m and pre-tax profits from £2.02m to £3.88m.

Shareholders participate, with the dividend more than doubled to 1.1p (0.5p), through a final of 0.5p. Earnings came to 3.71p (2.31p).

During the year this international trading and industrial group acquired Camotech, Porchbrand, Jami-Jack and Merchant Air Cargo. Camotech has been merged accounted.

Apart from the first-time contributions, Powderdrive made significant profits while Metal Supplies saw some pressure on margins. Results from King Trailers were disappointing but improvement was expected following manage-

ment changes. Boustead is buying up the 50 per cent of Metal Supplies owned by joint venture partner R&G Schmale Metallwerke for £1.1m cash.

At Boustead Singapore, the 63.9 per cent owned subsidiary, there was strong volume growth and improved margins. On the outlook, Mr Tommy Macpherson, chairman, said overall operations in Singapore and the UK were capable of a substantial improvement. Order books for the first quarter were good.

Boustead decided to make a worst case provision and provided in full for the £1m investment in Boustead Davis. That removed the qualification previously appearing in the auditor's report.

NEWS IN BRIEF

ARNOTTS pre-tax profit in year to January 31 was £2.77m (£2.33m) compared with £2.74m previously. Turnover was £45.53m (£52.02m) and after interest of £458,000 (£831,000) and tax of £1.27m (£837,000) earnings per share were 14.37p (12.48p). Final dividend is 7.5p making 12p.

CAMBRIDGE ISOTOPES made pre-tax profits of £1.03m for the year to November 30 1988, down from £1.3m, on turnover of \$5.58m (\$4.51m). Earnings per share were \$0.05 (\$0.06) and there is no dividend.

NORTH SEA & General: Pre-tax profits £1.29m (£2.04m) and turnover £5.83m (£6.07m) for 1988. Net earnings per 10p share 1.32p (2.65p). Final dividend 0.5p making 1p for year. Extraordinary loss of £762,000 compares with £2.51m credit.

AC Holdings in £0.77m expansion

By Nikki Tait

AC Holdings, the former AC Cars which has been turned into a small financial services business, is acquiring the Bamford Brand fund management business. This manages funds for pension funds, private clients and offshore unit trusts and had funds under management of £55m at end-March.

AC is paying an initial £774,000, comprising £450,000 cash and the remainder via the issue of 405,000 shares. AC will pay an additional cash consideration equal to the amount by which Bamford Brand's audited net assets at end-March exceed £450,000.

BET disposal

BET, the international support services company, has sold Rediffusion (Hong Kong) and its properties to companies in Hong Kong owned by Mr T T Tsui for HK\$ 123m (around £9.15m).

News Digest

GEERS GROSS Keeping up recovery with £0.48m

GEERS GROSS, the advertising agent and consultant, continued its recovery in 1988 and for the 12 months returned profits of £479,000 pre-tax.

That compared with a loss last time of £3.96m and was struck on turnover reduced from £99.5m to £41.1m. After a nil tax charge (£361,000 credit) and an extraordinary profit of £235,000 (£3.4m), earnings per 10p share worked through at 5.85p (loss 1.16p). Before extraordinary items earnings per share came out at 3.17p against a loss last time of 23.72p.

In line with the forecast at the interim stage, the directors are recommending a return to dividend. However, they think it prudent to start slowly and therefore a final of 1p.

The directors believed the recovery was due to a number of elements.

The group had consolidated its resources back to the UK and important new business has been gained, starting with General Accident last year. The growth had steadily continued, they said, with business gained from companies including MFI, Schreiber, Hygena, Royal Doulton, Nintendo, AEG, Mello and Kraft.

Also, a number of clients which had been lost were now considering returning to the fold, and International Marketing Corporation, the group's sales promotion subsidiary, had turned in satisfactory results.

LDN & STRATHCLYDE Expansion in opening half

In the half year ended February 29 1988 London & Strathclyde Trust improved its earnings from 2.14p to 3.25p, and is raising the interim dividend from 1.1p to 1.25p.

On the asset side, net value per share rose 11.4 per cent, from 269.9p to 299.1p, compared to increases of 14.4 per cent and 6.3 per cent respectively in the FT Actuaries All-Share Index and Standard & Poor's 500 Index (adjusted for exchange rates).

month view, the trust had marginally outperformed the FT All-Share.

Gross revenue for the period rose to £700 (£703,000) while the net figure came to £480,000 (£314,000).

T&S STORES Profits climb to £3.04m

T&S Stores reported pre-tax profits up from £2.45m to £3.04m for 1988, on turnover ahead 35 per cent from £95.5m to £129.59m.

Although the company started 1988 with 10 per cent fewer stores, total sales are already slightly ahead of last year and a store modernisation programme will be complete by early summer. The extra cigarette stocks purchased in anticipation of a budget increase in tobacco duty that did not materialise will have an adverse effect on the interim results, but sales are expected to benefit in the long term.

A final dividend of 1.625p is proposed, making 2.625p (2.1p) for the year.

PEEL HOLDINGS Placing of debenture stock

Peel Holdings, property group, is to issue £100m 9 1/2 per cent first mortgage debenture stock 2011 by way of a placing. The new stock will be a fourth tranche of the existing stock, of which, following the placing, there will be £200m in issue.

The gross redemption yield of the new stock will be set at 1.55 per cent above the gross redemption yield at 3pm yesterday on a 9 per cent Treasury stock 2008.

Proceeds of the issue will be used to refinance variable rate borrowings and to fund further property developments. Brokers to the issue are Rowe & Pitman.

NB Canadian Net assets and earnings ahead

Net asset value per 25p share of the North British Canadian Investment Company stood at 483.5p at February 28 compared with 455.5p 12 months earlier.

This advertisement is issued in compliance with the requirements of The Council of the Stock Exchange and appears as a matter of record only. It does not constitute an offer or invitation to subscribe for or purchase any securities of the Company. This advertisement has been approved for the purposes of section 19 of the Financial Services Act 1986 by British Venture Capital Ltd, Member of The International Stock Exchange and a member of The British Association.

VISTA ENTERTAINMENTS PLC
(Incorporated in England under the Companies Act 1985)
(Registered No. 3225405)

Introduction by
Brewin Dolphin & Co. Ltd.

Share Capital	Issued fully paid
Authorised £5,000,000	£2,650,000
in Ordinary Shares of 5p	

Subject to permission being granted for its Ordinary Shares to be traded on the Third Market, Vista Entertainments PLC (the Company) will carry on business through its subsidiaries London No. 1 Club which offers a collective membership of visitors clubs worldwide and Anglo Adrenaline Entertainment Limited which operates record production business. The Company will own premises at No. 1, Riberb Adam Street and operate, through a joint venture, a club restaurant from there.

Application has been made to the Council of The International Stock Exchange for the grant of permission for the Ordinary Shares of the Company to be traded on the Third Market. Subject to the granting of permission, dealings in the Ordinary Shares of the Company are expected to commence on 6th April 1989. It is emphasised that no application has been made for these shares to be admitted to the Official List nor for permission to deal in these securities in the Unlisted Securities Market.

Particulars relating to the Company are available in the Bond Market Service and copies may be obtained during normal business hours on any weekday (Saturday and Bank Holidays excepted) up to and including 19th April 1989 from:

BREWIN DOLPHIN & CO LTD
5 GILTSPIUR STREET, LONDON EC3A 5DE

Transmitted in the Ordinary Shares of the Company will be admitted in accordance with the rules and regulations governing the Third Market of The International Stock Exchange.

The prospectus may carry a high degree of risk.
16th April 1989

EUROPEAN BANKING CONFERENCE

Venice, 15 & 16 May, 1989

Another significant conference in this successful series includes:

On Prof Giuliano Amato Treasury Minister, Italy	Mr Hans-Jörg Rudloff Chairman Credit Suisse First Boston Limited
Mr Win Bischoff Chairman J Henry Schroder Wegg & Co Limited	Mr Geoffrey Fitchew Director-General Financial Institutions and Company Law (DG XV) Commission of the European Communities
M. Jean-Yves Haberer Chairman Crédit Lyonnais SA	Mr Anthony Solomon Chairman S G Warburg (USA) Inc
Mr Emilio Botin Rios Chairman Banco Santander	Professor Dr Norbert Walter Senior Economist Deutsche Bank AG
Dott Francesco P Mattioli Executive Vice President Fiat SpA	Mr Andrew Large General Manager and Member of the Executive Board Swiss Bank Corporation
Ing Sergio Piniinfarina Chairman Confindustria	Mr Samuel Brittan Assistant Editor and Principal Economic Commentator Financial Times

A FINANCIAL TIMES INTERNATIONAL CONFERENCE
in association with

LA STAMPA **ABI - ASSOCIAZIONE BANCARIA ITALIANA** **Allitalia**

To: Financial Times Conference Organisation
126 Jermy Street, London SW1Y 4UJ
Tel: 01-925 2323 Fax: 01-925 2125 Tr: 27347 FTCONF G

Name _____
Position _____
Company _____
Address _____
Country _____
Tel _____ Fax _____
Type of Business _____

EUROPEAN BANKING CONFERENCE

FT A FINANCIAL TIMES INTERNATIONAL CONFERENCE

COMMODITIES AND AGRICULTURE

Australian offshore gas project given go-ahead

By Chris Sherwell in Sydney

THE SIX International joint venturers in the North West Shelf natural gas project yesterday announced a go-ahead for the A\$1.5bn (200m) development of the Goodwyn field, lying 130 km off the Australian coast.

Although it will have the capacity to process 900m cu ft of gas per day and up to 80,000 barrels a day of condensate, a considerable proportion of the gas will initially be reinjected underground after stripping off the condensate.

make it equivalent to a small oilfield. But in making their announcement yesterday, the partners struck a sombre note. The project, they emphasised, was marginal, and the decision to proceed had been taken against a background of depressed oil prices and escalating capital costs.

Aluminium optimism 'justified'

By Kenneth Gooding, Mining Correspondent

THE WORLD aluminium industry's optimism - illustrated by its plans to lift primary metal production capacity from 15.25m tonnes a year to 17.25m tonnes by the mid-1990s - is entirely justified, according to the latest aluminium annual review from the Anthony Bird Associates consultancy group.

ALUMINIUM SUPPLY/DEMAND PROJECTIONS ('000 tonnes)

Table with columns: Year, Production, Consumption, Net Com. exps., Balance. Rows from 1987 to 1997.

However, production costs have risen over the past three years, reversing the pattern of declining costs seen in the 1980s to 1986 period. The Bird review predicts that costs will rise in the long term at nearly 2 per cent a year in real terms, though future exchange rate changes might affect this figure.

Cattle disease on the increase

By Bridget Bloom, Agriculture Correspondent

THERE HAS been a steady increase over the last few weeks in the number of recorded cases of scrapie, a neurodegenerative disease known as "cattle madness" disease so far only found in Britain.

US weather key to edible oils outlook

David Blackwell on a sector in which political problems overlay commercial tensions

THE PRICE of edible oils is likely to rise fairly sharply in the next few weeks, as the relative tightness of world supplies becomes more apparent, according to Mr Joachim Rathke, president of the European Oilseed Crushers Association. He told a conference of the edible oils industry in Vilamoura, Portugal, that at the moment the world situation looked tight, but the markets did not reflect it.

LITTLE INCREASE in overall fat consumption could be expected in developed countries, according to Mr Kurt Berger, consultant to the Palm Oil Research Institute of Malaysia. However, he told the conference, consumption in three quarters of the rest of the world was lower than in the West, and in many cases below recommended minimum levels.

"A recent forecast expects world demand to increase by 31m tonnes by the year 2000," Mr Berger said. "We can expect that palm oil producers will take a significant share of this new market."

large increases in production in Brazil and Argentina, Mr Blankenship said. "Many industry leaders predict that South American soybean production will surpass US production in the 1990s. The export market share of these countries would increase dramatically if this were to happen."

Kuala Lumpur tin price surges to fresh peak

By Wong Sulong in Kuala Lumpur

TIN'S PRICE surge continued unabated yesterday as the Kuala Lumpur spot market price fresh 34-year record for the fifth trading day in succession. Dealers said the rise continued to be fuelled by strong demand from European and Japanese buyers.

prices would have gone even higher had it not been for the strengthening of the Malaysian currency in recent days. Commenting on the price increase, Dr Lim Keng Yek, the Malaysian Primary Industries Minister, said: "It has risen too fast. I am worried that consumers may now be looking for substitutes for tin."

LONDON MARKETS

Copper prices on the LME continued Monday's retreat, cash metal shedding a further £27 a tonne to close at £1,779.50. Sterling's strength against the dollar accounted for most of the fall. In contrast zinc and aluminium prices advanced.

COCOA £/tonne table with columns: Close, Previous, High/Low. Rows for May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

LONDON METAL EXCHANGE table with columns: Close, Previous, High/Low. Rows for Aluminium, Cash, 3 months, Copper, 3 months, Lead, 3 months, Nickel, 3 months, Zinc, 3 months.

POTATOES £/tonne table with columns: Close, Previous, High/Low. Rows for Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

US MARKETS

DESPITE the lower dollar and higher energy prices, most of the metals failed to rally, reports Drew Burman Lambert. Gold and silver futures both had non-eventful sessions.

COPPER 25,000 lbs table with columns: Close, Previous, High/Low. Rows for Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

Chicago

SOYBEANS 5,000 bu min table with columns: Close, Previous, High/Low. Rows for May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

SPOT MARKETS

Crude oil (per barrel FOB) table with columns: Close, Previous, High/Low. Rows for Qubal, Brent Blend, W.T.I. 11 pm est, etc.

SUGAR

SUGAR £/tonne table with columns: Close, Previous, High/Low. Rows for May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

LONDON METAL EXCHANGE TRADED FUTURES

Table with columns: Close, Previous, High/Low. Rows for Aluminium, Copper, Lead, Nickel, Zinc.

LONDON BULLION MARKET

Table with columns: Close, Previous, High/Low. Rows for Gold, Silver, Platinum, Palladium.

New York

GOLD 100 troy oz table with columns: Close, Previous, High/Low. Rows for Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

COPPER

COPPER 25,000 lbs table with columns: Close, Previous, High/Low. Rows for Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

WHEAT

WHEAT 5,000 bu min table with columns: Close, Previous, High/Low. Rows for May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

Barley

Barley table with columns: Close, Previous, High/Low. Rows for Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

GRAINS

Wheat table with columns: Close, Previous, High/Low. Rows for May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

CRUDE OIL

CRUDE OIL \$/barrel table with columns: Close, Previous, High/Low. Rows for May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

SILVER

SILVER 5,000 troy oz table with columns: Close, Previous, High/Low. Rows for Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

PLATINUM

PLATINUM 50 troy oz table with columns: Close, Previous, High/Low. Rows for Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

SUGAR

SUGAR WORLD 111 table with columns: Close, Previous, High/Low. Rows for Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

WHEAT

WHEAT 5,000 bu min table with columns: Close, Previous, High/Low. Rows for Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr.

£ a tonne unless otherwise stated, p-pence/kg, c-cents/lb, r-rings/kg, v-Apr/May, w-Mar/Apr, q-Apr, m-May, june-Apr/Jun, z-May. Most Commission average market prices. Change from a week ago. *London physical market. †CIF Rotterdam. ‡Bullion market close. M-Malaysian cent/kg.

LONDON STOCK EXCHANGE

Blue chips close well below day's best

Leading shares continued to make good progress on the London market yesterday helped by a recovery of the pound and a number of buy programmes in the equity market.

Worries about sterling were dispelled somewhat in early trading by the Chancellor of the Exchequer's confirmation that he would use interest rates as necessary to defend sterling.

and yet another steep rise on the Tokyo market. Buying interest was never more than reasonable however, according to dealers, but it was persistent and directed towards front-line stocks, thereby ensuring a sustained early rise by the FT-100 index.

important 2,300 level. The FT-SE then gradually retreated to only 2.8 higher before steadying late and closing with a 3.2 rise on the day at 2,062.8.

Views on the current outlook for UK equities are now divided. Many equity strategists are talking the market higher on the view that the big institutions are underweight going into the new financial year.

New Blue Arrow moves

Excited speculators bought Blue Arrow stock heavily from institutional investors after the revelation that a US group had picked up a 6 per cent stake in the company.

The price moved ahead 3 in the middle of the session only to fall back by the close to end unchanged at 91 1/2. Turnover was a busy 12m shares.

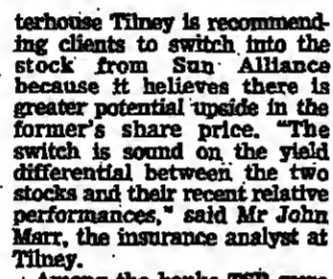
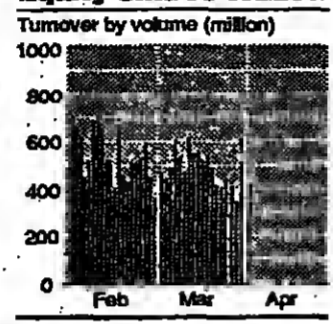
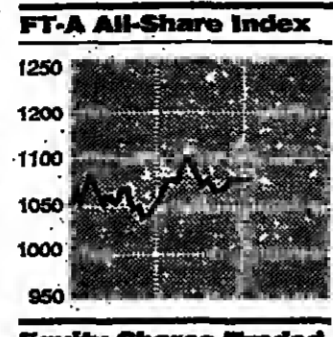
Unigate busy Dairy group Unigate, where Mr Larry Goodman, the Irish entrepreneur, has a 7.5 per cent stake, turned in another good performance. The shares rose 9 1/2 to 58 1/2.

Lessons Industries returned to favour as BZW bought stock in-house and for retail customers on the view that the fall in the shares had gone too far.

Pharmaceutical stocks moved ahead quickly in early trading, benefiting from further consideration of the merger talks between Beecham and Smithkline Beecham.

There was a similar lack of direction among Composites, with Sun Alliance down 11 at 118 1/2.

As for General Accident, the Liverpool-based broker Charles



terhouse Tinsley is recommending clients to switch into the stock from Sun Alliance because it believes there is greater potential upside in the former's share price.

The spotlight continued to illuminate those building issues scheduled to report trading statements later this month.

figures and US acquisition. USM-listed Banner Homes was another casualty at 7 1/2, down 10.

Laporte became all the rage among chemicals, leaping 16 to 45 1/2 on good recent support following a 10 per cent break-out.

Guinness fell 8 1/2 to 42 1/2 on turnover of 2.4m shares. There has been good recent demand for the stock ahead of tomorrow's figures.

Security product distributor Gardiner Group put on a 5 1/2 per cent rise on the announcement of its purchase of Bridgend Group's security division for £3.6m in cash.

ing through two or three different brokers helped UKI to add 10 at 46 1/2, while Index funds continued to lead Amstrad, 2 easier at 13 1/2.

Bank Organisation climbed 14 to 81 1/2, dealers said interest was being generated by the company's theme park scheme in France.

Rolls-Royce put in a good performance in belated recognition of Monday's airbus orders. The shares closed up 4 at 187 1/2 on turnover of 4.7m shares.

THE PREVALENCE of European Community law over incompatible UK law does not extend to alleged or putative EC rights which are as yet unestablished.

Changes at Thorn EMI Research

THORN EMI has made the following changes. Dr Ken Gray, technical director, will coordinate research and innovation throughout the group.

Sir Frederick Wood, life president of CRODA INTERNATIONAL, has retired as a non-executive director.

Warburton, financial director, and Mr David Rogers, Mr Stephen Wilkes and Mr Bob Burnett, directors.

Mr Victor Smith has been appointed assistant general manager, project and product finance, with THE MITSUBISHI BANK, London.

Mr Martin J. Ansley (above) has been appointed managing director of NATIONAL OILWELL (U.K.), Stockport.

director of the WELSH DEVELOPMENT AGENCY to take charge of its development projects division.

Mr Alan Tate has been appointed president of the INCORPORATED SOCIETY OF VALUERS AND AUCTIONEERS.

Mr Miles Anthony, managing director, UK and Europe for SEI, has been elected president of THE PENSIONS MANAGEMENT INSTITUTE.

Lloyds Bank international director

Mr John Davies, (above) a senior general manager, has been promoted to director of international banking at LLOYDS BANK following the retirement of Mr Len King.

C.E. HEATH has appointed Mr Michael Kier as a group managing director responsible for broking activities.

The Court of Appeal so held when giving its reasons for the Secretary of State's appeal.

LORD DONALDSON MR said that the appeal concerned the Common Market fishing policy.

In 1989 new licence conditions were established. The government concluded they were not sufficiently restrictive for the protection of British interests.

FINANCIAL TIMES STOCK INDICES

Table with columns for Apr 4, Apr 5, Mar 31, Mar 30, Mar 29, Mar 28, Mar 27, Mar 26, Mar 25, Mar 24, Mar 23, Mar 22, Mar 21, Mar 20, Mar 19, Mar 18, Mar 17, Mar 16, Mar 15, Mar 14, Mar 13, Mar 12, Mar 11, Mar 10, Mar 9, Mar 8, Mar 7, Mar 6, Mar 5, Mar 4, Mar 3, Mar 2, Mar 1, 1988, Since Completion, High, Low. Rows include Government Secs, Fixed Interest, Ordinary, Gold Mines, etc.

TRADING VOLUME IN MAJOR STOCKS

Table with columns for Stock, Value, Change, High, Low, Stock, Value, Change, High, Low. Rows include BHP, British Airways, British Telecom, etc.

37 1/2. After the market closed the company announced it had signed further contracts for development of its joint ventures in the Soviet Union.

the half year to December 1988, the shares closed 2 1/2 lower at 117 1/2.

The re-opening of the Valdez port in Alaska after the recent oil spillage disaster took some of the steam out of the crude oil market which was marginally lower at the close.

FT LAW REPORTS

No respite from fishing licence system

REGINA v SECRETARY OF STATE FOR TRANSPORT EX PARTE FISHING VESSEL LTD AND OTHERS. Court of Appeal (Lord Donaldson, Lord Justice Bingham and Lord Justice Mann); March 22 1989.

of Fishing Vessels) Regulations 1988. The Act and Regulations together wound up the register established by the Merchant Shipping Act 1984.

though the 1988 Act had not been repealed. There was no doubt that the law, where EC law was clear the duty of the national court was to give effect to it in all circumstances.

THE COURT OF APPEAL so held when giving its reasons for the Secretary of State's appeal.

LORD DONALDSON MR said that the appeal concerned the Common Market fishing policy.

In 1989 new licence conditions were established. The government concluded they were not sufficiently restrictive for the protection of British interests.

The Secretary of State appealed. The Solicitor General accepted that the Divisional Court was in no position to dismiss the application for judicial review without first seeking a ruling from the European Court.

Both sides accepted that the answer was not acte claire. Accordingly, the issue was whether the Divisional Court was entitled to grant the applicant interim relief to protect their interests during the period of perhaps two years which would elapse before the European Court answered the reference.

The Solicitor-General submitted that there was no jurisdiction in the court to disapply an Act of Parliament, unless and until inconsistency arose between domestic law and EC law the latter should prevail.

To that extent a UK statute was no longer invariable as it once was. But the Solicitor General's point was that a statute remained invariable unless and until it was shown to be incompatible with the higher law of the Community.

That argument was correct. Before 1973 the court had no jurisdiction to dispense with the operation of a statute. If the court now had such jurisdiction, one must find the source.

For the Secretary of State: Sir Nicholas Leyn QC, Solicitor General, John Munnery and Christopher Vajda (Treasury Solicitor) For Factor Tinsley and the other owners except Bannings: David Vaughan QC, Gerald Bannings and David Anderson (Thomas Cooper & Stibbard) For Bannings: Nicholas Forwood QC (Thomas Cooper & Stibbard)

Rachel Davies Barrister

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cylifline. To obtain your free Unit Trust Code Booklet ring the FT Cylifline help desk on 01-925-2128

Just in time

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your Unit Trust Code Booklet ring the FT Cityline help desk on 01-425-2128

Main table containing unit trust information with columns for Name, Price, and other details. Includes sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'GUERNSEY (GIB RECOGNISED)'. The table is organized into multiple columns and rows, listing various investment funds and their current market prices.

Handwritten signature or mark at the bottom center of the page.

Handwritten note: "لا تتركها"

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, Yield, and other financial metrics.

LONDON SHARE SERVICE

Table of London Share Service, including sections for British Funds, Americans, Int. Bank and O'Seas, and Foreign Bonds & Rails.

Table of Money Market Trust Funds and Money Market Bank Accounts, listing various financial products and their details.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-425-2128

CANADIANS table with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS Cont'd table with columns for Stock, Price, and other financial metrics.

ELECTRICALS table with columns for Stock, Price, and other financial metrics.

ENGINEERING-Cont'd table with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Miscel.)-Cont'd table with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Miscel.)-Cont'd table with columns for Stock, Price, and other financial metrics.

BANKS, HP & LEASING table with columns for Stock, Price, and other financial metrics.

CHEMICALS, PLASTICS table with columns for Stock, Price, and other financial metrics.

ENGINEERING table with columns for Stock, Price, and other financial metrics.

FOOD, GROCERIES, ETC table with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Miscel.)-Cont'd table with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Miscel.)-Cont'd table with columns for Stock, Price, and other financial metrics.

BEERS, WINES & SPIRITS table with columns for Stock, Price, and other financial metrics.

DRAPERY AND STORES table with columns for Stock, Price, and other financial metrics.

ENGINEERING table with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Miscel.) table with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Miscel.) table with columns for Stock, Price, and other financial metrics.

INSURANCES table with columns for Stock, Price, and other financial metrics.

BUILDING, TIMBER, ROADS table with columns for Stock, Price, and other financial metrics.

ENGINEERING table with columns for Stock, Price, and other financial metrics.

ENGINEERING table with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Miscel.) table with columns for Stock, Price, and other financial metrics.

INDUSTRIALS (Miscel.) table with columns for Stock, Price, and other financial metrics.

LEISURE table with columns for Stock, Price, and other financial metrics.

Handwritten signature or mark at the bottom center of the page.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

Handwritten note: "هذا هو الأصل"

LEISURE - Contd

Table of share prices for Leisure sector including companies like British Airways, British Overseas Airways, and others.

PROPERTY

Table of share prices for Property sector including companies like British Land, London & Lancashire, etc.

TEXTILES - Contd

Table of share prices for Textiles sector including companies like British Cotton Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, and Land sectors including various investment trusts and financial institutions.

OIL AND GAS - Contd

Table of share prices for Oil and Gas sector including companies like British Petroleum, Shell, etc.

MINES - Contd

Table of share prices for Mines sector including companies like Anglo American, De Beers, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors and Aircraft Trades sector including companies like British Leyland, etc.

Commercial Vehicles

Table of share prices for Commercial Vehicles sector including companies like Leyland, etc.

Comments

Table of share prices for various companies with additional comments or notes.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers and Publishers sector including companies like News International, etc.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, and Advertising sector including companies like Newsprint, etc.

SHIPPING

Table of share prices for Shipping sector including companies like British Overseas Airways, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather sector including companies like Clarks, etc.

SOUTH AFRICANS

Table of share prices for South African companies listed on the London Stock Exchange.

TEXTILES

Table of share prices for Textiles sector including companies like British Cotton Textiles, etc.

TOBACCOS

Table of share prices for Tobacco sector including companies like British American Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, and Land sectors.

Finance, Land, etc

Large table of share prices for Finance, Land, and other sectors.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like Anglo Siam, etc.

PLANTATIONS

Table of share prices for Plantations sector including companies like Guthrie & Co, etc.

Teas

Table of share prices for Teas sector including companies like Tetley, etc.

MINES

Table of share prices for Mines sector including companies like Anglo American, etc.

Far West Rand

Table of share prices for Far West Rand sector including companies like Anglo American, etc.

O.F.S.

Table of share prices for O.F.S. (Overseas Financial Services) sector.

Diamond and Platinum

Table of share prices for Diamond and Platinum sector including companies like Anglo American, etc.

Central African

Table of share prices for Central African sector including companies like Anglo American, etc.

Finance

Table of share prices for Finance sector including companies like Anglo American, etc.

Australians

Table of share prices for Australian companies listed on the London Stock Exchange.

Miscellaneous

Table of share prices for Miscellaneous sector including various companies.

THIRD MARKET

Table of share prices for Third Market sector including companies like Anglo American, etc.

NOTES

Stock Exchange dealing classifications are indicated to the right of the share price. A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

REGIONAL & IRISH STOCKS

Table of share prices for Regional and Irish stocks.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options sector including companies like Anglo American, etc.

This service is available to every Company listed in the Stock Exchange throughout the United Kingdom for a fee of £205 per annum for each security.

Handwritten note: "Handwritten text at the top center of the page, possibly a signature or initials." (Note: The text is illegible due to image quality)

WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, France, Germany, Italy, Sweden, and Switzerland. Columns include country, date, and various stock indices.

Table of stock market data for Japan, listing various companies and their stock prices.

Table of stock market data for Canada, including Toronto and Montreal markets, listing various stocks and their prices.

Table of stock market data for New York, including Dow Jones and various indices, listing market performance metrics.

Table of stock market data for Canada, including Toronto and Montreal markets, listing various stocks and their prices.

Table titled 'TOKYO - Most Active Stocks' listing the top performing stocks in the Tokyo market.

Advertisement for 'Travelling on Business?' featuring the Hotel Craval, International Hotel, and Hotel Aerogart Sheraton.

Large advertisement for 'Have your F.T. hand delivered in Switzerland' promoting the Financial Times newspaper.

4pm prices April 4

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

30 Month	High	Low	Stock	Div. Yld.	By Bid	Close	Open	30 Month	High	Low	Stock	Div. Yld.	By Bid	Close	Open	30 Month	High	Low	Stock	Div. Yld.	By Bid	Close	Open	30 Month	High	Low	Stock	Div. Yld.	By Bid	Close	Open
10	100	99	AAR	4.0	100	99	100	100	100	99	100	4.0	100	99	100	100	100	99	100	4.0	100	99	100	100	100	99	100	4.0	100	99	100
11	101	100	AAI	4.0	101	100	101	101	101	100	101	4.0	101	100	101	101	101	100	101	4.0	101	100	101	101	101	100	101	4.0	101	100	101
12	102	101	AAJ	4.0	102	101	102	102	102	101	102	4.0	102	101	102	102	102	101	102	4.0	102	101	102	102	102	101	102	4.0	102	101	102
13	103	102	AAK	4.0	103	102	103	103	103	102	103	4.0	103	102	103	103	103	102	103	4.0	103	102	103	103	103	102	103	4.0	103	102	103
14	104	103	AAL	4.0	104	103	104	104	104	103	104	4.0	104	103	104	104	104	103	104	4.0	104	103	104	104	104	103	104	4.0	104	103	104
15	105	104	AAM	4.0	105	104	105	105	105	104	105	4.0	105	104	105	105	105	104	105	4.0	105	104	105	105	105	104	105	4.0	105	104	105
16	106	105	AAN	4.0	106	105	106	106	106	105	106	4.0	106	105	106	106	106	105	106	4.0	106	105	106	106	106	105	106	4.0	106	105	106
17	107	106	AAP	4.0	107	106	107	107	107	106	107	4.0	107	106	107	107	107	106	107	4.0	107	106	107	107	107	106	107	4.0	107	106	107
18	108	107	AAR	4.0	108	107	108	108	108	107	108	4.0	108	107	108	108	108	107	108	4.0	108	107	108	108	108	107	108	4.0	108	107	108
19	109	108	AAI	4.0	109	108	109	109	109	108	109	4.0	109	108	109	109	109	108	109	4.0	109	108	109	109	109	108	109	4.0	109	108	109
20	110	109	AAJ	4.0	110	109	110	110	110	109	110	4.0	110	109	110	110	110	109	110	4.0	110	109	110	110	110	109	110	4.0	110	109	110
21	111	110	AAK	4.0	111	110	111	111	111	110	111	4.0	111	110	111	111	111	110	111	4.0	111	110	111	111	111	110	111	4.0	111	110	111
22	112	111	AAL	4.0	112	111	112	112	112	111	112	4.0	112	111	112	112	112	111	112	4.0	112	111	112	112	112	111	112	4.0	112	111	112
23	113	112	AAM	4.0	113	112	113	113	113	112	113	4.0	113	112	113	113	113	112	113	4.0	113	112	113	113	113	112	113	4.0	113	112	113
24	114	113	AAN	4.0	114	113	114	114	114	113	114	4.0	114	113	114	114	114	113	114	4.0	114	113	114	114	114	113	114	4.0	114	113	114
25	115	114	AAP	4.0	115	114	115	115	115	114	115	4.0	115	114	115	115	115	114	115	4.0	115	114	115	115	115	114	115	4.0	115	114	115
26	116	115	AAR	4.0	116	115	116	116	116	115	116	4.0	116	115	116	116	116	115	116	4.0	116	115	116	116	116	115	116	4.0	116	115	116
27	117	116	AAI	4.0	117	116	117	117	117	116	117	4.0	117	116	117	117	117	116	117	4.0	117	116	117	117	117	116	117	4.0	117	116	117
28	118	117	AAJ	4.0	118	117	118	118	118	117	118	4.0	118	117	118	118	118	117	118	4.0	118	117	118	118	118	117	118	4.0	118	117	118
29	119	118	AAK	4.0	119	118	119	119	119	118	119	4.0	119	118	119	119	119	118	119	4.0	119	118	119	119	119	118	119	4.0	119	118	119
30	120	119	AAL	4.0	120	119	120	120	120	119	120	4.0	120	119	120	120	120	119	120	4.0	120	119	120	120	120	119	120	4.0	120	119	120
31	121	120	AAM	4.0	121	120	121	121	121	120	121	4.0	121	120	121	121	121	120	121	4.0	121	120	121	121	121	120	121	4.0	121	120	121
32	122	121	AAN	4.0	122	121	122	122	122	121	122	4.0	122	121	122	122	122	121	122	4.0	122	121	122	122	122	121	122	4.0	122	121	122
33	123	122	AAP	4.0	123	122	123	123	123	122	123	4.0	123	122	123	123	123	122	123	4.0	123	122	123	123	123	122	123	4.0	123	122	123
34	124	123	AAR	4.0	124	123	124	124	124	123	124	4.0	124	123	124	124	124	123	124	4.0	124	123	124	124	124	123	124	4.0	124	123	124
35	125	124	AAI	4.0	125	124	125	125	125	124	125	4.0	125	124	125	125	125	124	125	4.0	125	124	125	125	125	124	125	4.0	125	124	125
36	126	125	AAJ	4.0	126	125	126	126	126	125	126	4.0	126	125	126	126	126	125	126	4.0	126	125	126	126	126	125	126	4.0	126	125	126
37	127	126	AAK	4.0	127	126	127	127	127	126	127	4.0	127	126	127	127	127	126	127	4.0	127	126	127	127	127	126	127	4.0	127	126	127
38	128	127	AAL	4.0	128	127	128	128	128	127	128	4.0	128	127	128	128	128	127	128	4.0	128	127	128	128	128	127	128	4.0	128	127	128
39	129	128	AAM	4.0	129	128	129	129	129	128	129	4.0	129	128	129	129	129	128	129	4.0	129	128	129	129	129	128	129	4.0	129	128	129
40	130	129	AAN	4.0	130	129	130	130	130	129	130	4.0	130	129	130	130	130	129	130	4.0	130	129	130	130	130	129	130	4.0	130	129	130
41	131	130	AAP	4.0	131	130	131	131	131	130	131	4.0	131	130	131	131	131	130	131	4.0	131	130	131	131	131	130	131	4.0	131	130	131
42	132	131	AAR	4.0	132	131	132	132	132	131	132	4.0	132	131	132	132	132	131	132	4.0	132	131	132	132	132	131	132	4.0	132	131	132
43	133	132	AAI	4.0	133	132	133	133	133	132	133	4.0	133	132	133	133	133	132	133	4.0	133	132	133	133	133	132	133	4.0	133	132	133
44	134	133	AAJ	4.0	134	133	134	134	134	133	134	4.0	134	133	134	134	134	133	134	4.0	134	133	134	134	134	133	134	4.0	134	133	134
45	135	134	AAK	4.0	135	134	135	135	135	134	135	4.0	135	134	135	135	135	134	135	4.0	135	134	135	135	135	134	135	4.0	135	134	135
46	136	135	AAL	4.0	136	135	136	136	136	135	136	4.0	136	135	136	136	136	135	136	4.0	136	135	136	136	136	135	136	4.0	136	135	136
47	137	136	AAM	4.0	137	136	137	137	137	136	137	4.0	137	136	137	137	137	136	137	4.0	137	136	137	137	137	136	137	4.0	137	136	137
48	138	137	AAN	4.0	138	137	138	138	138	137	138	4.0	138	137	138	138	138	137	138	4.0	138	137	138	138	138	137	138	4.0	138	137	138
49	139	138	AAP	4.0	139	138	139	139	139	138	139	4.0	139	138	139	139	139	138	139	4.0	139	138	139	139	139	138	139	4.0	139	138	139
50	140	139	AAR	4.0	140	139	140	140	140	139	140	4.0	140	139	140	140	140	139	140	4.0	140	139	140	140	140	139	140	4.0	140	139	140
51	141	140	AAI	4.0	141	140	141	141	141	140	141	4.0	141	140	141	141	141	140	141	4.0	141	140	141	141	141	140	141	4.0	141	140	141
52	142	141	AAJ	4.0	142	141	142	142	142	141	142	4.0	142	141	142	142	142	141	142	4.0	142	141	142	142	142	141	142	4.0	142	141	142
53	143	142	AAK	4.0	143	142	143	143	143	142	143	4.0	143	142	143	143	143	142	143	4.0	143	142	143	143	143	142	143	4.0	143	142	143
54	144	143	AAL	4.0	144	143	144	144	144	143	144	4.0	144	143	144	144	144	143	144	4.0	144	143	144	144	144	143	144	4.0	144	143	144
55	145	144	AAM	4.0	145	144	145	145	145	144	145	4.0	145	144	145	145	145	144	145	4.0	145	144	145	145	145	144	145	4.0	145	144	145
56	146	145	AAN																												

NYSE COMPOSITE PRICES

OVER-THE-COUNTER

Heading national market. 3pm prices April 4

Table of NYSE Composite Prices with columns for Stock, High, Low, and Change. Includes a 'Continued from previous page' note at the top left.

Table of Over-the-Counter prices with columns for Stock, High, Low, and Change. Includes a 'Heading national market. 3pm prices April 4' note at the top right.

AMEX COMPOSITE PRICES

4pm prices April 4

Table of AMEX Composite Prices with columns for Stock, High, Low, and Change.

Table of Over-the-Counter prices (continued) with columns for Stock, High, Low, and Change.

Enjoy reading your complimentary copy of the Financial Times when you are travelling on scheduled flights from... Madrid with Iberia

Advertisement for F.T. hand delivered service, featuring the Stockholm logo and contact information: (08) 235305.

AMERICA

Timid Dow eyes dollar movements

Wall Street

A LACK of fresh economic news kept equities trading in a tight range yesterday with a bias towards weakness, writes Janet Bush in New York.

The Dow Jones Industrial Average closed 0.60 lower at 2,398.20 on only moderate volume of 167.7m shares.

Like the US Treasury bond market, stocks tended to track movements in the dollar, with currency policy at centre stage after the weekend meeting of the Group of Seven and its strongly worded official statement warning that it did not want to see a higher dollar.

That statement was followed up yesterday by comments from Mr Pierre Bergey, French economics minister who repeated that G7 did not want a higher dollar.

The US currency's performance has been rather resilient considering the tone of the G7 statement - more forceful than the usual anonymous release after meetings - and the coordinated intervention of Monday, which included dollar sales by the Bank of Japan.

The dollar's ability to hold up in spite of these pressures has helped keep both bonds and stocks steady. The US currency started off weak yesterday after Mr Bergey's comments but managed to hover just above its lows in late trading. It was quoted in New York at ¥190.95 from a low of ¥190.60 and at DM1.8630 from DM1.8625 earlier.

This week is likely to be uneventful as markets, which have now partly digested the implications of the G7 meeting, sit it out until Friday's release of jobs and wages figures for March. After that news, the wait will be for the March producer and consumer prices data on April 14 and 18 respectively.

Apart from the fact that there was no fundamental economic news yesterday or much in other financial markets to influence trading, the equity market had some reason to be cautious as the Fed raised 75 points over the previous six sessions which once again lifted the Dow above 2,300.

Breadth of buying and volume over this string of gaining

sessions (apart from the day when the Dow fell by 0.16 points) has not been all that encouraging, and the rally on Monday was helped considerably by a speculative froth around rumoured takeover candidates.

This helped some individual issues again yesterday. For example, there was the news that Mr Harold Simmons, the investor, has purchased stakes in four companies which prompted speculation that he may try to acquire one of them.

Phelps Dodge, the largest copper producer in the US, rose 3 1/2% to \$56 on the New York Stock Exchange and PACCAR gained 3% to \$48. In over-the-counter trading, Lockheed, which Mr Simmons now has a 5.3 per cent stake in, dropped 3 1/2% to \$47.4 having risen sharply on Monday and Chrysler, the fourth company, fell 3% to \$24.

Phelps Dodge explained the only selective gains of Mr Simmons' new stable of investments by arguing that PACCAR and Phelps Dodge were more like his previous investments

which had tended to concentrate in cyclical industries.

The technology sector was under pressure yesterday after Tandem Computers said that it expected revenue for the quarter ended March to be below analysts' forecasts. Tandem dropped 3 1/2% to \$14.

Among other computer issues, Compaq slipped 1 1/2% to \$69. Hewlett-Packard fell 3% to \$51.1 and SunGard Data Systems dropped 3 1/2% to \$13.4 after the company, which provides disaster recovery services for computers, said that IBM would begin offering the same service.

Whirlpool dropped 3% to \$27.5 after Mr Albert Suter resigned as president and chief operating officer after only eight months.

Uncertainty about the economy and scepticism about the Government's pledge to cut the deficit has kept close lower in light trading.

The composite index fell 0.66 to 3552.6. Declines led advances nearly two-to-one in thin volume of 18.2m shares.

EUROPE

Amsterdam and Madrid climb to new highs

IN A mixed day for European bourses, Amsterdam and Madrid reached new highs for the year, and speculative activity returned to Paris, writes Our Markets Staff.

AMSTERDAM had an active session, with turnover swelled by hefty switches in leading blue chips. Helped by speculative buying, the CBS tendency index rose 0.5 to a year's high of 174.5 in turnover worth Fl 951m. Internationals were weaker following a lower start on Wall Street.

Royal Dutch was the most active stock, easing 50 cents to Fl 133, followed by Akzo, which was off 10 cents at Fl 151.90 after blocks as large as Fl 15m worth of shares were traded.

Publishers Elsevier was the third most actively traded stock, ending 20 cents lower at Fl 65.20 on profit-taking after its strong results on Monday.

The transport and storage sector was firm, with Pakhoed rising Fl 3 to Fl 131 before its results tomorrow. It was also the subject of speculation after announcing it would hold a

special shareholders' meeting on April 20 - only six weeks before its AGM - to seek approval for a range of anti-takeover defences.

Fertile company Nijverland (Cete) added Fl 8.30 to Fl 96.50 after news it was disposing of its South African assets, which should not only produce a book profit but also open the company up to US institutional investment prohibited until now by its South African links.

The first quarter saw record share turnover of Fl 23.55bn in Amsterdam, up 56 per cent on the same period in 1988, the bourse reported.

PARIS was dominated by speculation over the suspension of two GCE subsidiaries - Alcatel and Alcatel - and Alcatel and Alcatel - and Alcatel, which saw some good demand for quality stocks.

The OMF 50 index rose 2.06 to 468.74 and the CAC 40 index picked up 10.72 to 1,666.50. Volumes were estimated at higher than the FF1.3bn seen in recent sessions.

GCE was firm, adding FF3 to FF4.31, before releasing

news of 23 per cent higher annual profits, within the range of expectations. The group held a press conference after the market closed and continued market rumours of plans to restructure its complicated shareholdings in Alcatel and Alstom.

The positive picture for the retailing sector painted by French research house Detroyat helped Printemps 4 per cent higher to FF24 at FF216. Moncler had a busy day, with 375,000 shares changing hands, and soared FF12.20, or about 10 per cent, to FF135.50.

MADRID was again in fine form, closing at its highest level of the year in active trading. The general index rose 3.52 to 201.25, taking its gain over the past eight sessions to 5 per cent.

FRANKFURT slowed down after Monday's sharp gains, with the FAZ index gaining just 1.15 to 562.72 and the DAX closing down 4.56 at 1,393.79 but off its lows. Turnover remained strong at DM3.77bn,

though down on Monday's DM4.5bn.

The Bundesbank's decision to set a two-tranche securities repurchase tender with no fixed rate caused some uncertainty, but the weaker tone of the dollar encouraged the view that there should be no rise in interest rates at tomorrow's Bundesbank council meeting.

Chemicals saw profit-taking after Monday's strength. BASF lost DM1.70 to DM297.20 before today's results; the stock has risen strongly on expectations that BASF will seek to match the dividends of the other chemical majors by lifting its payout from DM10 to DM12.

Engineer Linde rose DM3 to DM77 after its higher sales figures on Monday, but Mannesmann, which said it expected better 1989 results, was off DM4.50 to DM238.50.

ZERNING was little changed at the end of the day, with the Credit Suisse off 0.3 at 563.7. Baer Holdings' bearers rose SF150 to SF124.50 as talk circulated that Banesto of Spain had built a 1 per cent stake.

Montreal's market slice increases

THE MONTREAL Exchange is under more gaining market share from its bigger rival, the Toronto Stock Exchange, writes Robert Gibbens in Montreal.

In the first quarter of this year, Montreal took 29.3 per cent of the combined value of trading on both exchanges, up from 18.1 per cent for the whole of 1988.

The best performance came in February when Montreal's share was almost 24 per cent.

The Montreal exchange is about halfway through a C\$8m (US\$6.7m) upgrading of its computerised trading systems and hopes to extend its market share further, says Mr Bruno Rivchin, president.

Montreal is the only Canadian exchange with electronic trading links with a US board.

However, the Toronto Stock Exchange still handles about 75 per cent of all stock trading by value in the Canadian stock exchanges, including Vancouver and Calgary.

ASIA PACIFIC

Yen's recovery inspires another surge in Nikkei

Tokyo

THE YEN'S strong rebound against the dollar fuelled investors' buying fervour and boosted share prices to another all-time high, writes Michiko Nishikawa in Tokyo.

The Nikkei average climbed 270.15 points to close at a record of 33,312.25, its sixth consecutive daily gain. The day's high was 33,340.30 and the low was 33,065.71. Advances led declines by 504 to 392 while 137 issues were unchanged.

Turnover surged to 1,638m shares from 1,488m traded on Monday. The Topix index of all listed shares also added 15.49 to 2,468.02 and in later London trading the ISM/Nikkei 50 index rose 2.15 to 1,986.0.

Trading yesterday was supported by the return of institutional investors to the market, as external factors began to show signs of improving. While individuals had more or less brushed away their worries, institutions had largely maintained a cautious stance up to now. Yesterday's strengthening of the yen against the dollar and the agreement by the Group of Seven to cooperate in maintaining currency stability encouraged institutions to join in.

The growing consensus among the optimists is that inflation worries, oil prices and the yen are all within an acceptable range, and the view that the threat of inflation in Japan has been overplayed is beginning to gain ground.

Politically, the effect of the Recruit share sale scandal on the ruling Liberal Democratic Party (LDP) remains a worry. But things are not expected to come to a head at least until June, just before the July elections for seats in the House of Councillors. Investors would like to get what they can out of the market before the political clouds start to gather.

The return of institutional investors led to a shift of activity to large-capitalisation issues such as steel, shipbuilding, utilities and trading houses. The stronger yen also helped to revive interest in these issues.

Kawasaki Heavy Industries topped the most active list with 122.5m shares traded and

firming Y88 to Y1,080. Nippon Steel was second with 113.2m shares and added Y37 to Y965. Kobe Steel rose Y40 to Y935 in heavy trading.

Ishikawajima Harima Industries was selected on news concerning its plans to build a high-rise building on one of its sites along the Tokyo Bay. It was third most actively traded with 78.6m shares and gained Y80 to Y1,360.

Mitsubishi Heavy Industries added Y40 to Y1,180 while Sumitomo Heavy Industries rose Y60 to Y1,160 on its plans to build a leisure facility on a former plant site. It was also popular for its improved earnings outlook following a returning profit for the year ended March for the first time in four years.

Trading companies were favoured for their liquidity and their involvement in redevelopment projects. Mitsu advanced Y20 to Y1,350 while Mitsubishi gained Y40 to Y1,680. Marubeni added Y30 to Y1,020.

Pharmaceuticals, which posted impressive gains on Monday, suffered profit-taking. Both Sanryo and Takeda lost Y20 to Y2,600 and Y3,440 respectively. Daiichi Sankyo dropped Y140 to Y2,800.

Koto Manufacturing, the maker of automobile parts closely related to Toyota Motors, lost Y130 to Y4,700. The company's shares suffered a setback both on Monday and yesterday following news that Mr T Boone Pickens, the US corporate raider, has acquired a 20.2 per cent stake in the company, replacing Toyota as Koto's largest shareholder in what was taken to be a greenmail attempt.

Osaka maintained its upward momentum, led by large capitalisation stocks and shipbuilding. The OSX average added 205.37 to 81,808.71. Turnover rose to 168m shares from 136m on Monday. Kawasaki Heavy Industries rose Y20 to Y1,070.

LARGE losses put Australia into the spotlight in the Asia Pacific region yesterday, while movements elsewhere were limited.

AUSTRALIA fell heavily as weaker base metal prices, a rise in the local dollar and concern about an increase in interest rates sparked a bout of selling which took the market to its lowest level for 11 months.

The All Ordinaries index found little support below the key 1,450 level and finished 19 down at 1,433.0. Trading was very thin, however, at 77m shares worth \$318m.

Among the few gains, Pioneer International was up 5 cents at \$42.44 amid speculation about a takeover by BTE. Nylar, which sank 20 cents to \$45.62.

Gold and mining issues were particularly hit by the jump in the Australian dollar.

HONG KONG was given a late boost by foreign buying, ending higher in spite of expectations of a slow day before today's Ching Ming grave sweeping holiday. The Hang Seng index recovered from earlier losses to end at 4,711 higher at 2,991.96.

Volume rose rapidly at the end of the session, with HK\$1.07bn worth of stock changing hands by the close, slightly up on Monday. Only half an hour earlier, total volume was a mere HK\$49m.

Utilities were particularly in demand.

SINGAPORE remained cautious, ending mixed after an active alternation between profit-taking and renewed buying. The Straits Times Industrial Index gained 5.96 to 1,198.25 in turnover of 87.8m shares, up from Monday's 76.9m.

Two weeks of gains in exceptionally high turnover have now led to a pause, although there was selective buying yesterday, especially in Malaysian stocks.

Austria thrives on stock shortage

Lesser-known bourses sparkled in March, writes Hilary de Boer

AUSTRIA marched to the top of the bourse league last month with a spectacular rise of 13.6 per cent, as foreign and domestic investors fought for a limited amount of stock.

The lesser-known bourse found fame in a month of mixed performances from other world equity markets. The US and the UK remained in the stranglehold of interest rate worries, rising just 2 per cent and 3.2 per cent respectively in local currency terms.

Japan had its own worries as the Recruit scandal continued to claim victims and reduced public support for the Government, with the market managing a rise of only 0.9 per cent, according to the FT-Actuaries World Indices.

The world as a whole ended the month with a gain of 1.8 per cent, weighed down by the Japanese market, which accounts for about 45 per cent of the World Index. The picture would have been much worse

had Japan not sprung into life last week; the market rose by more than 4 per cent in just four days since Easter.

Continental Europe was the best performing region, jumping by 4.4 per cent as the smaller bourses found friends at home and abroad. Italy climbed by 5.1 per cent and the Netherlands by 7 per cent.

But France and West Germany stuck to a narrow trading range and underperformed, with respective rises of 3.6 per cent and 2 per cent. Interest rate worries, the Easter holiday period and the feeling that share prices had risen too much of late were all to blame.

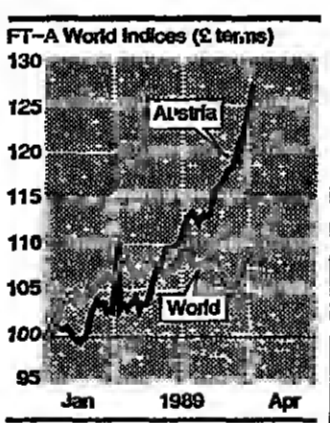
Austria's sharp rise represented a classic supply/demand syndrome. Mr Andrew Thomson, analyst at Kleinwort Benson, says: "There's a lot less stock around than there was three months ago." Kleinwort is recommending a weighting of 3 per cent for the market within a European portfolio -

well above its 0.8 per cent weighting in the regional index.

Europe was also buoyed by Scandinavia's strength, with the Nordic index rising 6.2 per cent. Norway jumped by 9.6 per cent, Finland by 6.3 per cent and Sweden by 5.9 per cent. Healthy gains in corporate profits, firm North Sea oil prices and a buoyant market for pulp and paper helped individual bourses.

Only three markets ended last month in the red. Australia was knocked by the weak bullion price and concerns over the local economy, falling to bottom place with a loss of 1.7 per cent.

New Zealand followed suit - troubles also by problems at Chase Corporation - and lost 0.9 per cent, while Hong Kong was little changed, off 0.2 per cent.



The overall picture for stock markets is bright so far this year. Only one market, Australia, is lower than at the start of 1989, falling by 2.7 per cent in the first quarter.

West Germany has been the second worst performer - up just 0.5 per cent.

FT-ACTUARIES WORLD INDICES														
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries														
REGIONAL AND NATIONAL MARKETS	MONDAY APRIL 3 1989				FRIDAY MARCH 31 1989				DOLLAR INDEX					
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago	1988/89 High	1988/89 Low	Year ago
Australia (89)	135.24	+0.2	118.93	109.07	5.09	134.91	118.49	109.56	127.12	131.93	115.91	121.93	127.12	115.91
Austria (18)	113.91	+2.5	100.17	111.66	2.25	111.15	97.63	109.27	113.91	92.84	91.85	109.27	92.84	91.85
Belgium (13)	130.96	+1.6	122.22	131.70	6.76	130.96	122.22	131.70	122.22	122.22	134.89	122.22	122.22	134.89
Canada (127)	134.17	+0.1	117.98	115.61	3.30	134.35	118.00	116.11	137.27	129.67	121.97	137.27	129.67	121.97
Denmark (38)	170.16	+0.5	149.63	169.59	1.91	169.27	148.67	169.55	180.38	165.35	120.72	180.38	165.35	120.72
Finland (26)	151.28	+1.1	135.03	134.65	1.35	149.70	131.48	133.68	151.28	125.81	127.00	151.28	125.81	127.00
France (230)	116.98	+0.8	102.87	116.57	1.16	101.37	115.75	112.57	112.57	92.79	82.79	112.57	92.79	82.79
West Germany (100)	84.41	+2.0	74.23	82.59	2.29	82.77	72.49	81.50	90.40	81.77	78.49	90.40	81.77	78.49
Hong Kong (49)	126.29	+0.4	111.05	126.25	4.07	126.86	111.42	126.82	133.77	111.80	99.35	133.77	111.80	99.35
Ireland (17)	141.12	+1.2	124.10	141.28	5.42	140.07	123.20	140.83	140.83	143.35	118.27	140.83	143.35	118.27
Italy (58)	81.53	+0.2	71.69	84.08	2.43	81.40	71.49	84.43	86.88	78.16	79.08	86.88	78.16	79.08
Japan (455)	189.32	+0.2	166.48	158.02	0.48	188.87	165.89	158.13	200.11	180.50	172.03	200.11	180.50	172.03
Malaysia (36)	163.18	+0.6	143.50	172.67	2.75	162.52	142.73	172.20	163.18	143.35	118.27	163.18	143.35	118.27
Mexico (13)	166.89	+0.5	146.75	457.92	1.17	165.05	145.84	455.90	167.32	153.32	144.61	167.32	153.32	144.61
Netherlands (42)	117.62	+1.1	103.43	113.97	4.48	116.30	102.14	113.38	117.71	110.63	107.15	117.71	110.63	107.15
New Zealand (24)	68.83	+0.4	60.52	59.45	6.63	68.58	60.24	59.26	76.02	67.60	76.24	76.02	67.60	76.24
Norway (26)	178.34	+1.4	162.82	173.43	1.17	176.12	163.58	173.43	176.12	163.58	125.92	176.12	163.58	125.92
Singapore (26)	144.15	-1.0	126.76	130.24	2.27	145.59	127.87	131.57	147.64	124.57	107.86	147.64	124.57	107.86
South Africa (60)	140.04	+0.7	123.15	126.76	3.99	139.13	122.20	126.72	142.88	115.35	128.32	142.88	115.35	128.32
Spain (42)	149.20	+2.1	131.20	152.41	3.65	146.08	128.30	130.70	149.68	143.14	153.85	149.68	143.14	153.85
Sweden (35)	159.62	+1.9	140.37	159.62	1.26	157.37	139.38	159.62	159.62	139.38	118.62	159.62	139.38	118.62
Switzerland (57)	75.24	+1.6	66.16	76.87	2.37	74.08	65.07	76.29	79.76	74.05	81.18	79.76	74.05	81.18
United Kingdom (316)	146.05	+0.1	128.43	128.43	4.36	146.14	128.35	128.35	153.33	134.53	136.24	153.33	134.53	136.24
USA (564)	120.64	+0.5	106.09	120.64	3.84	120.06	105.45	120.06	121.90	112.13	104.47	121.90	112.13	104.47
Europe (1008)	118.28	+0.7	104.01	110.46	3.55	117.42	109.98	120.88	120.88	114.02	108.16	120.88	114.02	108.16
Nordic (125)	151.68	+1.0	133.38	149.63	1.99	150.23	131.95	148.79	151.68	137.95	111.72	151.68	137.95	111.72
Pacific Basin (67)	164.47	+1.2	152.22	164.61	1.77	164.07	161.67	164.07	164.47	152.22	145.66	164.47	152.22	145.66
Asia Pacific (1687)	158.00	+1.0	138.94	156.95	1.57	157.41	137.85	156.95	164.22	152.83	143.45	164.22	152.83	143.45
North America (691)	121.35	+0.4	106.71	120.35	3.62	120.82	106.12	119.85	122.71	112.79	105.41	122.71	112.79	105.41
Europe Ex. UK (692)	101.02	+0.4	88.83	99.33	2.89	99.63	87.51	98.80	103.11	98.84	90.73	103.11	98.84	90.73
Pacific Ex. US (224)	124.49	+1.1	112.22	110.94	6.85	124.58	110.83	127.65	124.49	110.83	105.85	124.49	110.83	105.85
World Ex. US (1887)	157.00	+0.4	138.06	136.26	1.64	156.43	137.40	142.77	162.77	152.04	142.56	162.77	152.04	142.56
World Ex. UK (2135)	142.61	+0.4	125.41	131.22	2.04	141.98	124.70	130.96	146.04	138.06	127.06	146.04	138.06	127.06
World Ex. So. Af. (2931)	142.92	+0.4	125.68	136.98	2.24	142.36	125.04	130.74	146.65	138.82	127.96	146.65	138.82	127.96
World Ex. Japan (1996)	120.65	+0.5	106.09	116.85	3.64	120.02	105.41	116.40	122.37	114.51	106.66	122.37	114.51	106.66
The World Index (2451)	142.90	+0.4	125.66	130.95	2.25	142.34	125.02	130.70	146.51	138.83	127.86	146.51	1	

FINANCIAL TIMES SURVEY



A change of course is due to be presented this year by the prime minister. His radical

economic programme would include a reduction of taxes and an introduction of curbs on the welfare state and the public services sector, writes Robert Taylor

Consequences confronted

COSTLY, affluent Denmark with its generous welfare state and easygoing life style, is about to be confronted with the consequences of its profligate ways of the past 40 years.

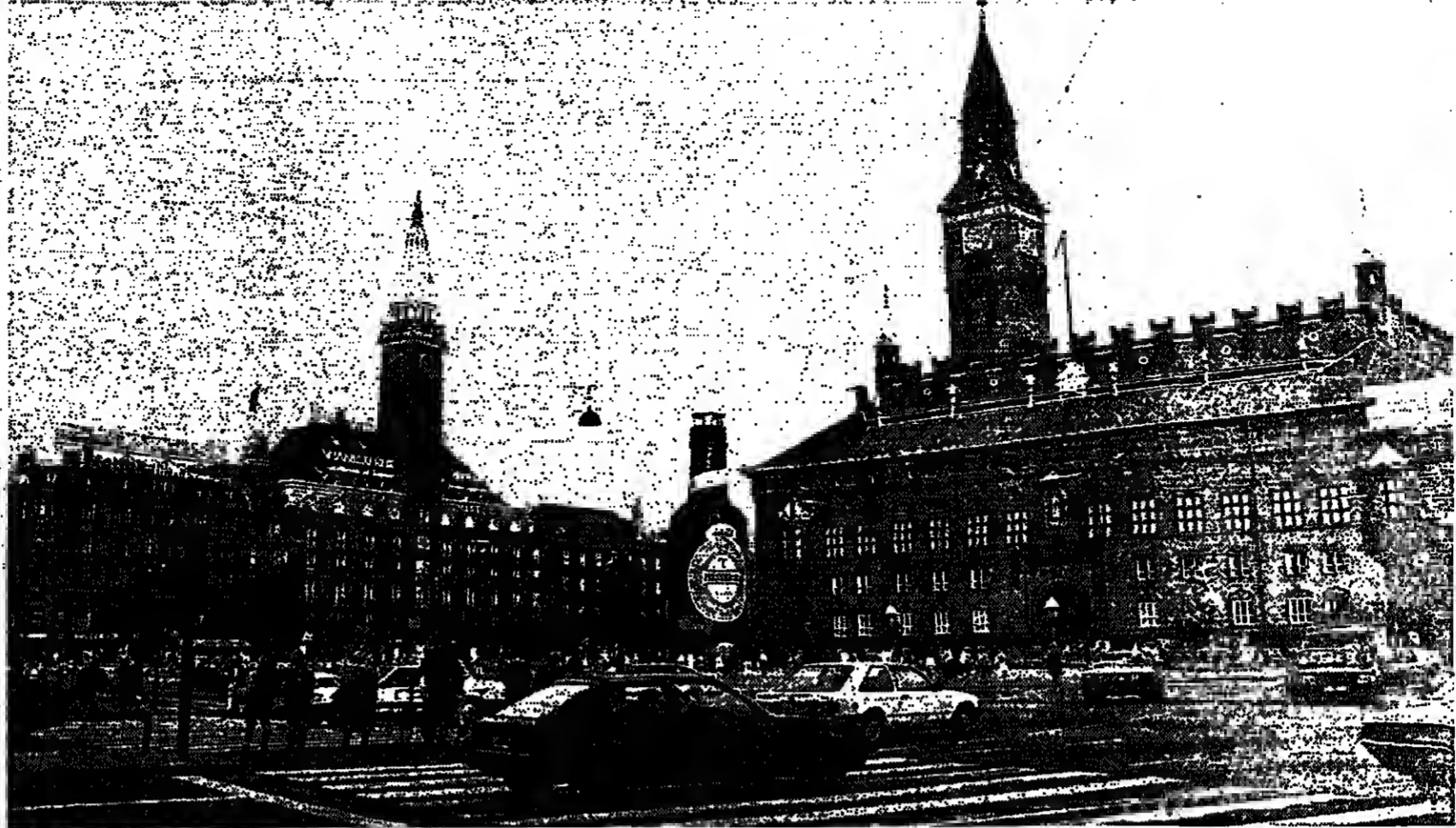
This summer the country's Prime Minister, Mr Poul Schlüter, intends to present a comprehensive and radical economic programme designed to shake-up the country with tax reductions, moves to reduce the welfare state and curb the insatiable appetite of the huge public services sector. He and his cabinet colleagues believe that Denmark will have to change course dramatically if it is to survive and compete effectively in international markets. With a level of foreign debt equivalent to 40 per cent of the country's gross domestic product, he argues that there really is no alternative to what he has in mind.

"I will try and negotiate the programme with the other parties in Parliament," he says. But if this fails, he intends to make a direct appeal to the Danish people by calling a referendum, just as he did three years ago to win their approval for the creation of the internal market in the European Community.

After six-and-a-half years in office without a majority for the various coalition governments he has led, Mr Schlüter believes the time has come to force the Danish voters to recognise they simply cannot go on as they have been doing any longer.

What we need to see are lower taxes so that we can inspire more investment and more production," he argues. The central government last year accounted for 59.9 per cent of Denmark's gross domestic product, the highest figure in the world except for Sweden. Its highest marginal tax rate is about 68 per cent and this applies on incomes that are only 20 per cent above the average blue-collar worker's wage of Dkr170,000 a year, while the minimum marginal rate of income tax is about 50 per cent.

Over a third of Danes work in the public services sector. Unemployment benefit is relatively generous, amounting to 90 per cent of pre-tax earnings for many up to a ceiling of Dkr120,000 a year and lasting up to 30 months. A wide range of social welfare benefits are free for those who want to claim them. Last year's report on Denmark by the Organisa-



DENMARK

tion for Economic Development and Co-operation noted that the country was one of the few where health spending had "remained almost constant as a share of GDP".

On the other hand, Denmark has fragmented, small and diverse industries, which many believe face a tough time ahead in competing against the challenge of 1992 and the EC's internal market. Over the past three years there has been a 15 per cent drop in the volume of Danish business investment, weak growth and stagnant productivity. The Federation of Danish Industries believes that resources will have to be transferred from the swollen public sector into the country's manufacturing with an emphasis on a drastic improvement in its international competitiveness.

They argue that the Danish public services sector has "crowded out" the country's open market economy.

These views are also shared with varying intensity by many in the trade unions and

on the left in the opposition Social Democratic party, who do not question the seriousness of Denmark's economic outlook. This year's wage agreement, with only a 3 to 4 per cent rise over 1988 and 1990, may be much less than Mr Schlüter would have liked to see but it suggests a new sense of realism among trade union negotiators, even though competitiveness will not be improved by the staged introduction of a 37 hour working week by law to be completed next year. Most senior Social Democrats seem ready to adopt a moderate position and appeal to the centre ground.

But how will the Danish people respond this summer to the politicians and their talk of drastic change? Mr Schlüter, and his colleague the Liberal leader and foreign minister Mr Ullman-Jensen, are convinced that the country is in the mood to respond positively to the call to action. "There is a growing understanding that we cannot go on in the way we have been

doing since the 1960s," declares Mr Ullman-Jensen.

A recent public opinion survey carried out by the Psychological Institute at the University of Aarhus suggests they may be right. As many as 50 per cent of those Danes questioned thought the country had been living beyond its means for more than 20 years and 65 per cent said they would accept a fall in their living standards if it would help to solve the economic crisis. Opposition to any further increases in taxation was found to be massive. The study suggests the people are waiting for a lead from the government and Parliament, though it also found widespread scepticism about politicians and their ability to solve Denmark's problems.

In short, the Danes appear to be more aware of their troubles than at any time in the past six years. This may well give Mr Schlüter encouragement in his planned economic reforms. With action also proposed for

the autumn on the controversial issue of unemployment benefits, it seems that the government will need all the support it can find for the battles ahead.

Jacques Blum, one of the country's radical sociologists, fears that there has been "a change of atmosphere" that means "the beginning of the end of the welfare state" and he believes that this will mean hard times ahead for Denmark's unemployed, immigrants, drug addicts and the other casualties of a society under strain. He fears that a high price may have to be paid in greater racial tension and social polarisation. The revival of the right-wing populist Progress party is seen by many observers as symptomatic of the contemporary sourness.

But there is a need for some caution. A recent Gallup poll found substantial support for Margaret Thatcher among the Danish voters who believed she has been "good" for Britain, but a similarly large

number also made it clear that they did not believe their country needed the kind of domestic policies she had introduced into Britain. Indeed, Mr Schlüter says: "We don't intend to destroy the welfare state." There may be a greater willingness to tolerate the idea of charges for using the health service among the Danes but no sensible politician can count on popular backing for any divisive strategy that attempts to dismantle the consensual approach of compromise and conciliation which lies at the heart of Danish politics.

With eight political parties in Parliament, no government can ever enjoy the decisive majority necessary to push through single-minded policies. Thanks to an electoral system based on proportional representation and only a 2 per cent support hurdle to be crossed by any party in order to acquire seats in Parliament, it would be political suicide to try and

CONTENTS

Portrait of the prime minister	2
Social trends	2
Economy	3
Foreign policy	3
Guide to the political parties	3
UK trade campaign	4
EC relations	4
Tourism	4
Financial sector	5
Mergers and acquisitions	5
Profiles: AP Møller	5
Map	5
Profiles: Carlsberg	6
ISS	6
Danfoss	6
Fur farmers	6
Profiles: Novo/Nordisk	7
Butchling industry	7
R&D	8
Technology profiles	8
Agriculture	9
Seed	9
ME Foods	9
Tulip	9
Guide for the business traveller	10

Photography: Alan Harper
Pictured left: Rådhuspladsen
(Town Hall Square, Copenhagen)

KEY FACTS

Population	5.1m
Area	43,698sq km
GDP (1988 prov)	Dkr772bn
per capita	\$21,090
(at av 1983 S exchange rate)	
Merchandise exports	
(1988)	Dkr167.3bn
Imports	Dkr178.2bn
Current balance of payments	Dkr-12.1bn
Debt service ratio	13%
Exports: (bn Dkr)	
Agriculture, animal	21.32
Vegetables	7.65
Canned meat, milk	5.29
Manufactures	129.17
Ships	4.55
Fish, fresh, frozen	3.92
Pelts	3.49
Energy	4.50
crude oil, nat gas	4.86
other	3.20
Imports	
Agricultural inputs	6.91
Building industry	
Inputs	13.22
Manufacturing inputs	69.67
Energy	10.89
Crude oil	3.24
Machinery	19.70
Transport equipment	10.27
Consumer goods	42.57
Other	4.61
Consumer price change	
(Dec-Dec 1987-88)	4.6%
GDP growth rate	
1981-85 average	3.3%; 1986
4.2%; 1987 -0.7%; 1988	-0.4%
Exchange rate	
£1 = 12.5650 Danish kroner	(29.3.89)

This moment was planned

Gaining a central contract is the result of vision and effective planning. Time/system is the logical link between plans and results. A tool to plan a common course for you and your associates.

This AI-format planning system provides you with an overview of all your short, medium and long term responsibilities. It gives you a well-structured data flow and projects.

Time/system ensures that you have clearly defined objectives and goals. Examine when you need it.

Time/system
- the logical link
between plans and results

Available in 20 different languages.

Time/system is available in 20 different languages. It is a powerful tool for planning and management. It helps you to define your goals, plan your resources, and track your progress. It is a logical link between plans and results.

There is more to our service than just our London Branch

Den Danske Bank is the largest bank in Denmark. More than one third of Denmark's international transactions are handled by our bank. This has given us expertise in service and advice to companies importing from or exporting to Denmark.

We were the first Danish bank to set up abroad and the first to open our own branch in London.

With branches throughout Denmark and with international branches in London as well as in New York, Singapore, Hamburg, Frankfurt and a subsidiary in Luxembourg we are ideally placed to provide the expert advice and make the quick decisions your company needs when it comes to investment, finance and payments to and from Denmark.

To learn more about Den Danske Bank's potential as your business partner, please call us on 01 628 3090 and ask for Angus MacLennan or Per Skovhus.

DEN DANSKE BANK
London Branch,
10 Broadgate, London EC2N 2RA.
Phone: 01 628 3090, Telex 896229 ddbloog.

DENMARK 2

The prime minister seems set to stay in power

Tactical best under pressure

MR FOULE SCHLUTER is a born survivor. Prime minister of Denmark for the past six-and-a-half years at the head of a coalition government without a majority in Parliament, he seems to thrive in the Byzantine world of Danish politics with its maze of tiny parties.

When he took office in September 1982 most observers thought he would not last more than a few months. But as the country's first Conservative party leader to be prime minister in this century, he has won through in three consecutive general elections and is expected to stay in power at least until Denmark is due next to go to the polls in the spring of 1992.

Yet, given the uncertainties of Danish politics, nothing can be taken for granted. "I have never had the power that prime ministers normally have," says Mr Schlüter. "I have to fight every week for the government's majority and it can be difficult. I have a secret dream to have just one year of majority government. I told Margaret Thatcher that recently and she replied '12 years is better'."

But despite his lack of firm support in Parliament, Mr Schlüter has never been a mere caretaker prime minister. In his early years in office he pushed through a tough economic strategy, at least by easygoing Danish standards, that put an end to the highly inflationary indexation of wages and prices, curbed public expenditure and raised new taxes. The aim was to call a halt to the country's economic self-indulgence.

As a result, his government eliminated a budget deficit that reached an horrendous 11 per cent of gross domestic product in 1982-83 and created an actual surplus four years later. In the words of the Organisation for Economic Co-operation and Development in its latest Danish survey this achievement "has no match in the OECD area".

However, this did not prove enough to conquer Denmark's underlying economic difficulties and the country's current external deficit continued to rise, reaching Dkr-34.7bn in

1986. As a result, Mr Schlüter was compelled to dampen down domestic demand from the autumn of that year and take further remedial action in the 1987 budget. But he is far from satisfied by the progress the Danish economy has made over the past three years.

It is a necessity of the Danish parliamentary scene that the prime minister must spend his time trying to find compromises between the parties in order to govern. But he does not disguise his frustration at his inability to take the radical steps that he believes are needed to deal with the country's underlying economic ills.

"In my opinion Denmark crossed the line 10 years ago

Sweden and Holland. "We are preparing a drastic change in the national budget," promises Mr Schlüter. "This will come in June with the intention of making it possible to cut taxation severely."

The highest marginal tax rate for Danes is about 68 per cent, which is applied on incomes that are only 20 per cent above the average income for a blue-collar worker earning around Dkr170,000 and the lowest tax rate is as high as 51 per cent on an annual income of from Dkr30,000 to Dkr120,000.

The level of corporate taxation is also high, with a 37 per cent rate and a flat rate of 22 per cent applied across a wide range of goods and services.

The prime minister insists that the forthcoming tax package will be drastic. Some of his cabinet colleagues describe it as a "horror programme for the public sector. But Mr Schlüter admits that he cannot force through any measures that fail to win broad support in Parliament. He is looking for backing from the opposition Social Democrats as well as achieved recently on defence, but this will not be easy to achieve when that party has considerable support among those third of Danes employed in the public sector.

Moreover the prime minister hopes that the employers and the trade unions will also be involved in the reshaping of the Danish taxation system and the public sector. "I am sure that we can find agreement among ourselves," he says. But he has also made it clear that he will put the whole package to the people in a referendum if necessary if the political parties fail to compromise and swallow a good deal of what he is prepared to do.

With only 19.3 per cent support in last spring's general election and 36 MPs in the 129 seat Parliament, Mr Schlüter's Conservative party can hardly regard itself as a dominant force in Danish politics. But the prime minister has shown a high skill in manoeuvring his way through the parliamentary complexities and there is no obvious reason why he cannot go on doing this for some years



Mr Schlüter: born survivor

to come. He is said to be masterly in his handling of the cabinet.

The 60-year-old Mr Schlüter suffered a personal tragedy last year when his wife died of cancer but though devastated by the loss he shows every readiness to soldier on. "I intend to fight the next general election," he declares. "I believe all three parties in the coalition will present themselves together."

A lawyer, who comes from the south Jutland town of Toender, he became Conservative party leader in 1974 after 10 years in Parliament. At that time his party was in bad shape, facing what appeared to be a formidable populist threat in the Progress party with its intoxicating call for the abolition of taxes.

But as his uncertain years in office have demonstrated, Mr Schlüter seems to be at his tactical best when under pressure. A likeable man with a genuine sense of humour, he manages to combine firmness with a readiness to conciliate. A pragmatist at heart he may be, but the prime minister does have a clear idea of what he believes he needs to do in order to restore the health of Denmark.

He also seems to be optimistic about his prospects in convincing other parties outside the government about the commonsense and necessity of his future economic strategy. Regularly under-estimated by friends and foes alike, he may well confound those who believe he is about to bite off more than he can chew.

Robert Taylor

SOCIAL TRENDS

Quiet and stable lives

CRISIS? What crisis? Looking around at the visible state of Denmark it is hard to find many signs of social discontent and human misery. Indeed, the facts of Danish life suggest the vast majority of the people have never had it so good. A recent publication from the Central Bureau of Statistics and the Danish Institute of Social Research provides a useful guide to contemporary realities.

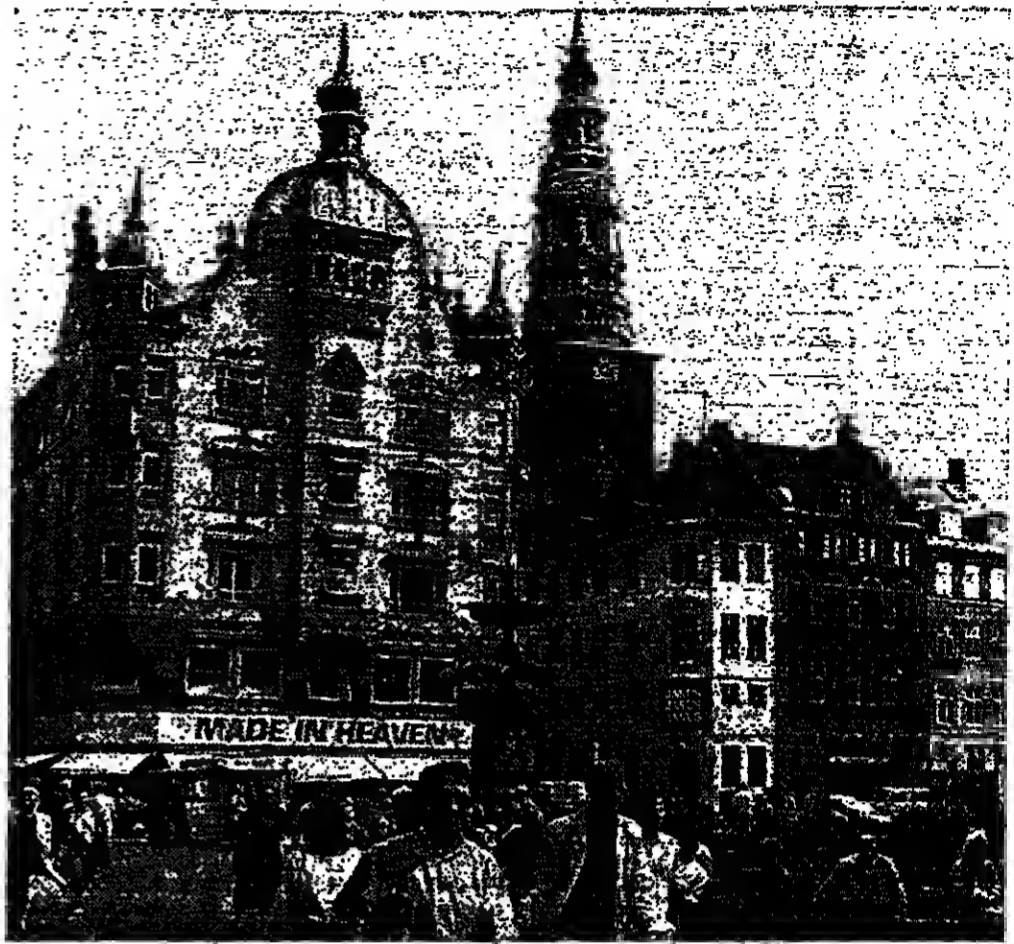
Danish males born today can expect to live on average to the age of 71.5 years and females to 76.5 years. Infant mortality at 7.9 per thousand live births is among the best in the world. It is true nearly a quarter of Danes complain of pains in the shoulder, neck or back and that 10 per cent of them suffer from fatigue and insomnia. As many as a third say they cannot climb up a flight of stairs without a rest and 51 per cent took some kind of medicine in the two weeks before they were surveyed. But 44 per cent of men and 42 per cent of women play sport or take exercise.

Forty seven per cent of Danes smoke today compared with 57 per cent 20 years ago with a noticeable rise in the number of women who smoke. But they drink less alcohol than they used to do. Only 18 per cent of men and 4 per cent of women said they drank 11 or more glasses of liquor a week. Danish teeth are rather good. As many as 67 per cent of Danes still have all their natural teeth or 20 or more.

The Danes are very well educated nowadays. As many as 81 per cent of them receive some form of general education in the year, while a third visit the library frequently. More go to the theatre (23 per cent), cinema (25 per cent), and classical concerts (12 per cent) than used to do. Fifty five per cent of Danes have five or more weeks' holiday a year.

Just over half the Danes are home owners and 59 per cent of them have a car. Eighty three per cent possess a television, 94 per cent a telephone, 61 per cent a washing machine, 84 per cent a fridge or freezer and 23 per cent an automatic dishwasher.

Denmark may have seen a rise in reported crime over the past decade but most Danes lead quiet, stable lives. However, 3 per cent said they have



On the whole, the social statistics reflect a rather comfortable, healthy, well-educated society

experienced violence themselves over a 12 month period, 14 per cent experienced a theft, and 12 per cent malicious damage to property. Despite, or perhaps because of, its liberal attitude to pornography, crimes of a sexual nature have declined over the 1980s. Twelve per cent of Danes said they were afraid of being the victim of a crime.

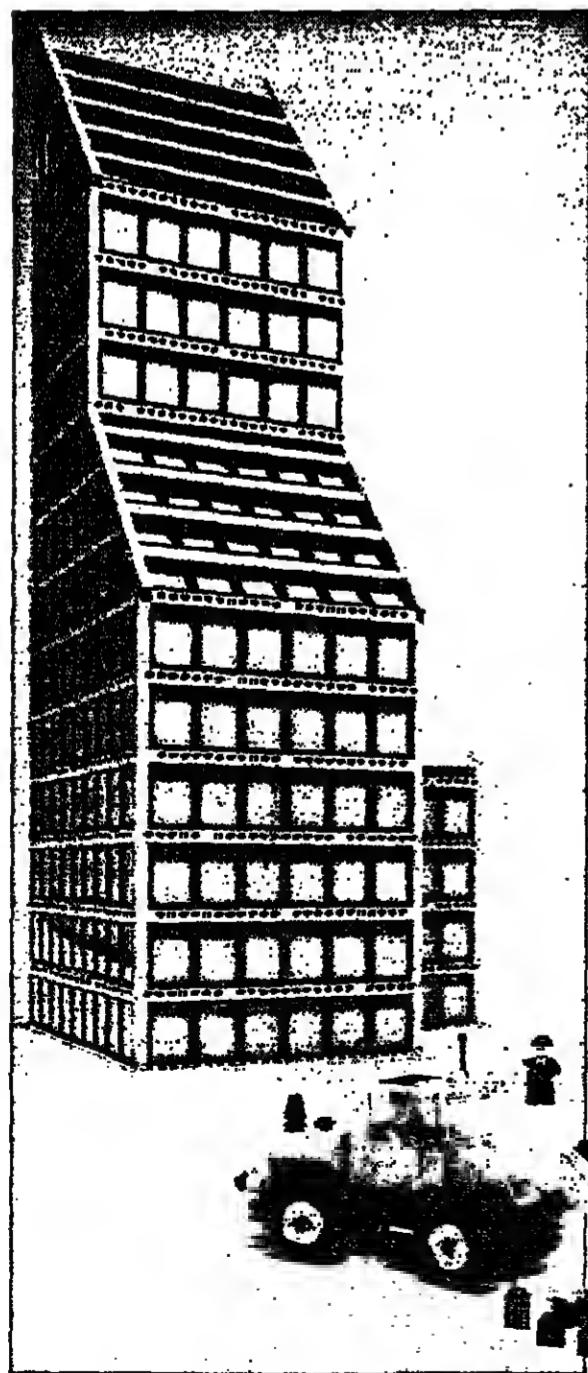
However, more Danes are committing suicide. In the early 1980s the annual average was 29 per 100,000 of the population with a figure of 37 per 100,000 for men. At the start of the century the figure was 23 per 100,000.

Some of the findings from the Gallup Institute and other opinion surveys suggest there are currents of unrest in Denmark. The Danes, often regarded as a tolerant people, seem particularly anxious about foreign immigration at the moment. In the latest Gallup survey 53 per cent said they wanted to see more restrictions on the access of political refugees to Denmark and a study carried out recently among European Community countries discovered racism is stronger in Denmark than anywhere else. It is worth noting, however, that only 2.7 per cent of people living in the country are foreign born, though 40 per cent of these are from Asia or Turkey.

The Danes may remain blasé about their sexuality but the arrival of AIDS (Denmark has a high incidence of the disease, just behind Belgium and France in the league table) has made them less tolerant about adultery. Just one adulterous incident is now regarded as

Robert Taylor

Simple. Ingenious. Versatile. And just as creative as Privatbanken.



Take a Lego brick - one of the most ingenious ideas ever realised. Take a box of Lego bricks - unlimited scope for your creativity. Would it surprise you to learn that Privatbanken's approach to business is based on the same principle?

And while banking services and products are not necessarily unique in themselves, together we can combine them to provide you with solutions that are tailor-made to meet your particular needs.

Our approach is just as effective for major internationals as it is for the smaller enterprise. It is naturally suited to companies that are growing and developing, simply because our solutions are devised to take account of current as well as future needs.

We believe, in short, that we can offer you a more responsive and flexible banking service than you're getting at present.

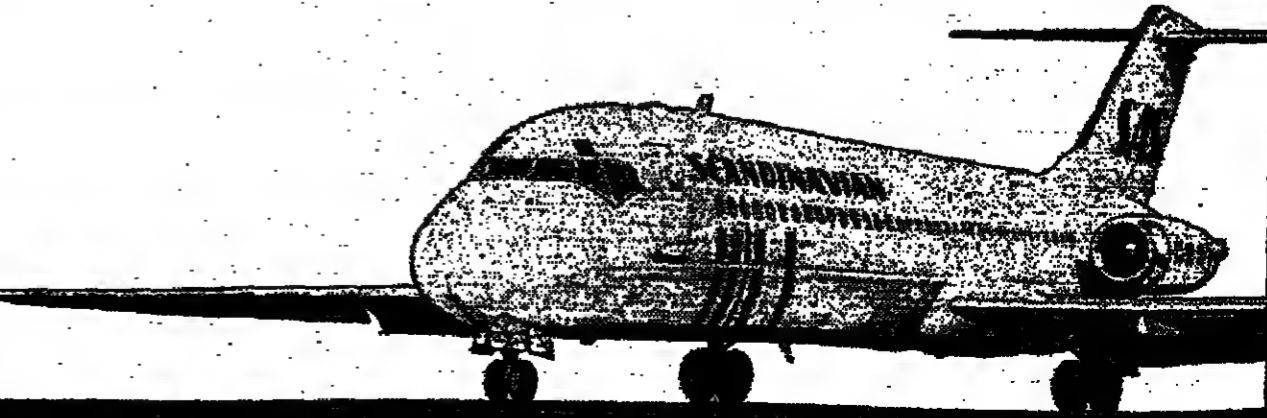
An ambitious claim? We invite you to put it to the test. We look forward to building a model relationship with you.

PRIVATbanken
DENMARK • SCANDINAVIA • THE WORLD

Privatbanken Limited, 107 Cheapside, London EC2V 6DA. Telephone: 01 726 6000. Member of TSA.
BEIJING • BERGAMO • BRISBANE • COPENHAGEN • FRANKFURT • FUJINGOLA • GENEVA • GÖTTESBURG • HELSINKI • HONG KONG • LONDON • LOS ANGELES • LUXEMBOURG • MANILA
MILAN • MONACO • MOSCOW • NEW YORK • OSLO • PARIS • SÃO PAULO • SINGAPORE • STOCKHOLM • SYDNEY • TAIPEI • TOKYO • ZÜRICH
SCANDINAVIAN BANKING PARTNERS: Bergen Bank, Privatbanken, S.E. Banken, Union Bank of Finland.

The pleasant way to bring Denmark closer.

SAS
The Businessman's Airline



DENMARK 3

ECONOMY

A long hard road to eliminate deficit

AFTER TWO years of recession, with a decline in real GDP of one per cent in 1987 and about 0.4 per cent in 1988, the Danish economy has entered the recovery phase this year. But it will be a weak recovery, and not enough to prevent a rise in unemployment, which is now about nine per cent.

The recovery will not be sustainable unless a new deterioration in the current balance of payments deficit can be avoided. After 25 consecutive years with current account deficits and a net foreign debt which equals 40 per cent of GDP, the government is giving priority to eliminating the deficit.

Private consumption will not be allowed to increase, public expenditure will be reduced, in real terms, and policies will be implemented to encourage household savings.

This is a harsh mixture for a country with rising unemploy-

Forecasts for 1989-90		
(Volume % change)	1989	1990
GDP	1.0	1.5
Imports	2.0	2.7
Exports	4.0	4.0
Private consumption	0.5	1.0
Public consumption	-1.2	-0.5
Business investment	-0.2	4.2
Current account (bn kr)	-11.0	-10.0
Consumer price change	3.5	3.0
Unemployment per cent	9.5	9.5

Source: Economy Ministry.

ment, and the success of this policy approach is dependent on achieving an improvement in labour costs relative to other industrial countries, in order to generate an export-led recovery.

In the longer term, the performance of the economy will also be profoundly influenced by the package of tax reforms and public spending cuts which the government will unveil in June. These are described by Prime Minister Poul Schlüter as "the most extensive reforms of the economy ever undertaken".

The tax reforms will aim, in order of priority, to reduce the level of business taxation, marginal income tax rates and indirect taxes. Gigantic sums are involved, a tax reshuffle of about Dkr60bn, some 10 per cent of the GDP and 20 per cent of government spending. But at the end of the day, when and if the reforms are implemented, the total tax bur-



Christiansberg Palace, the seat of the Danish parliament

Guide to the confusing political scene

The Folketing maze

HOW COME that in Denmark the Left is always Right and the Radical Left is nothing of the sort?

There are eight parties in the Folketing (Parliament), which causes confusion enough. Their names are calculated to add to the outsider's confusion. Still, things are better than they were until 1987, when there were 10 parties.

If there were a smooth continuum from left to right it would make matters simpler, but there is not.

Blame it on Det Radikale Venstre Parti (literally, the Radical Left Party, or The Radical Liberals). It is neither radical nor left, but controls the swing vote between the left and right blocs. It may only win five per cent or so of the vote, but its leader,

current Economy Minister Niels Holveg Petersen, is always one of the most influential people in Danish politics, whether in or out of office.

On foreign and defence policy the Radicals side with the Left but on domestic policy with the Right - an unusual policy split which causes endless frustration.

Then there is Venstre Parti (Left Party) which, far from being Left, is firmly and always on the Right, rather more conservative, most people would say, than the Conservative Party.

Fremskridtspartiet (Progress Party) is regarded by many as anything but progressive - in fact the most reactionary of the parties. It stands for swinging tax cuts and reductions in public

expenditure, and it has a strong anti-refugee/immigrant stance.

On the far left there is the Socialistiske Folkeparti (Socialist People's Party), a Marxist (but not Leninist) party, which is largely populated by graduate teachers - as opposed to "the people".

At least the Social Democratic Party, the largest party, has a title which enables foreigners to identify it correctly, a genuine cousin to the German and Swedish Social Democratic parties, and the British Labour Party.

The Centre Democrats? They are indeed democratic and of the centre. And the Christian People's Party? That, too, is reasonably self-explanatory.

Hilary Barnes

FOREIGN POLICY

On the defensive

DENMARK is often regarded by the North Atlantic Treaty Organisation as an unreliable partner in the defence of western Europe.

Indeed, exasperation about the alleged irresponsible antics of the Danes has raised Nato blood pressures on numerous occasions during the past few years. But the country's foreign minister, Mr Uffe Ellemann-Jensen, is taking a rather sanguine view of the present outlook now that the main parties in the Danish parliament have agreed to a compromise defence programme for the next three years.

It is true that it will involve no real increase in Danish defence spending, which at the moment only amounts to 2.2 per cent of its gross domestic product, one of the lowest contributions in Nato. Last year the Danish defence ministry admitted that the country needed to increase its spending to 6 per cent of GDP to meet its alliance commitments. But Nato secretary-general Manfred Werner recently gave his blessing to the defence settlement.

"The amount of GDP we spend does not really tell you very much about our defence effort," says Mr Ellemann-Jensen. "You should not forget that we are adding to the total defence of the West in many ways. We are paying for the achievement of social and political stability in Greenland and the Faroe Islands. The Americans have tracking and military research stations on Greenland and we provide a Danish military presence there as well. We spend as much as 0.91 per cent of our GDP on foreign aid to developing countries and this adds to the cost of defending western defence and values."

Recently the United States information agency published

a survey of public opinion among the Nato partners that found as many as 70 per cent of Danes believed that Nato was essential for Denmark's defence and 80 per cent even thought that US bases were "necessary" in Europe though there never have been any on Danish soil.

But Mr Ellemann-Jensen has made it very clear to the Bush administration in recent weeks that Denmark opposes any early Nato decision to modernise the short-range nuclear weapons in West Germany. "It would be unwise and would not be accepted by the public," he says. "The Bonn coalition would split apart and that is not in our interests." Indeed, there would not be a majority in the Danish parliament to support updating the nuclear armoury. Some observers believe that the Schlüter coalition could fall over the issue if it were forced into agreeing on modernisation.

Nato policy-makers regard Denmark as of vital strategic importance in the event of a war with the Soviet Union. As Steven Miller at the Massachusetts Institute of Technology argues in a contribution to a study commissioned by the Stockholm International Peace Research Institute on how Europe would look after an American military withdrawal: "Denmark serves as the stopper that prevents easy access between the Baltic and the North Sea. For most vessels of any consequence, passage is

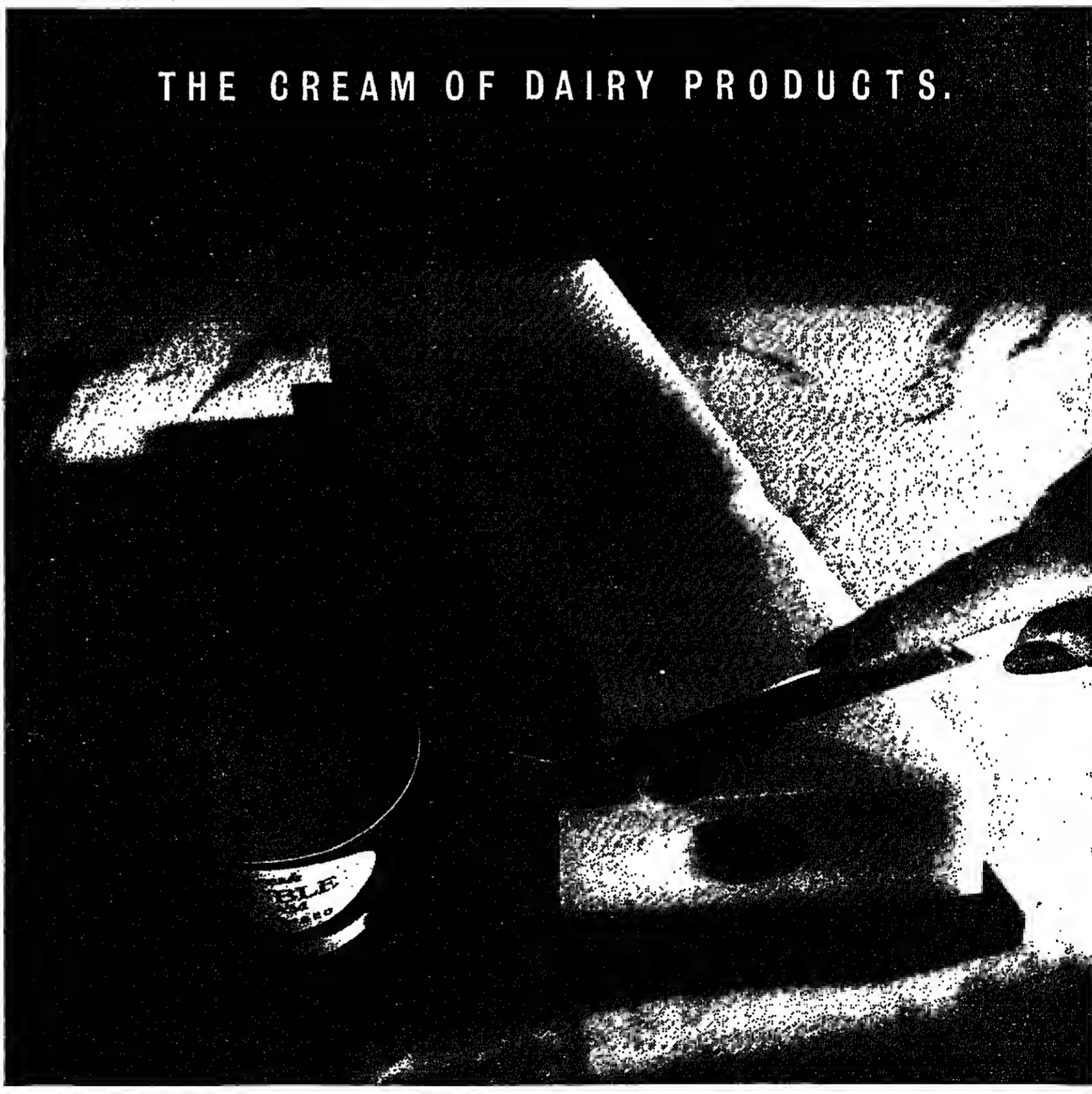
possible only through a small number of straits through or around Danish territory."

While the Soviet Union gives a higher priority to its military position in the far north of Europe and the central region, the Baltic and, therefore, Denmark, have considerable value in Moscow's eyes. The capture of Denmark would threaten southern Norway, the UK and the Channel ports opening up "an attack corridor for Warsaw pact airpower". The country is "a kind of buffer between the Warsaw pact and several potentially significant and attractive targets," writes Mr Miller. In his opinion, the Baltic "could play an important, and conceivably even a critical role, in the support and reinforcement of Soviet forces on the central front."

The potential threat to Denmark is real enough amounting to between 12 and 14 Soviet divisions and 700 tactical combat aircraft based in the northern part of East Germany. In their own defence Denmark has 17,000 soldiers, with reserves of around 55,000 as well as a Home Guard of 75,000 and 45 F-16 aircraft. Under present Nato contingency plans West Germany and the UK's Mobile Force of 13,000 men would provide the military back-up. Since 1976 Denmark has agreed also to accept US air reinforcements consisting of five US squadrons of 75 planes to be down to four Danish airfields in a crisis.

"The dual purpose of Nato - security and negotiation - is still valid," argues Mr Ellemann-Jensen. Perhaps more than most in western Europe, the Danish government is particularly hopeful about the possibilities for wide-ranging negotiations with the Soviet Union.

Robert Taylor



THE CREAM OF DAIRY PRODUCTS.

Many of the world's finest quality milks, yoghurts, cheeses and, of course, creams are produced with the help of APV processing equipment. This leadership in dairy processing is derived from the APV Dairy Centre of Excellence at APV Pasilac in Denmark. So APV provides the world's leading producers with state-of-the-art technology in all processes from pasteurisation and homogenisation to UHT treatment, membrane filtration and so on. APV plants produce 40% of the world's butter; homogenise 75% of the world's milk; pasteurise 80% of the UK's

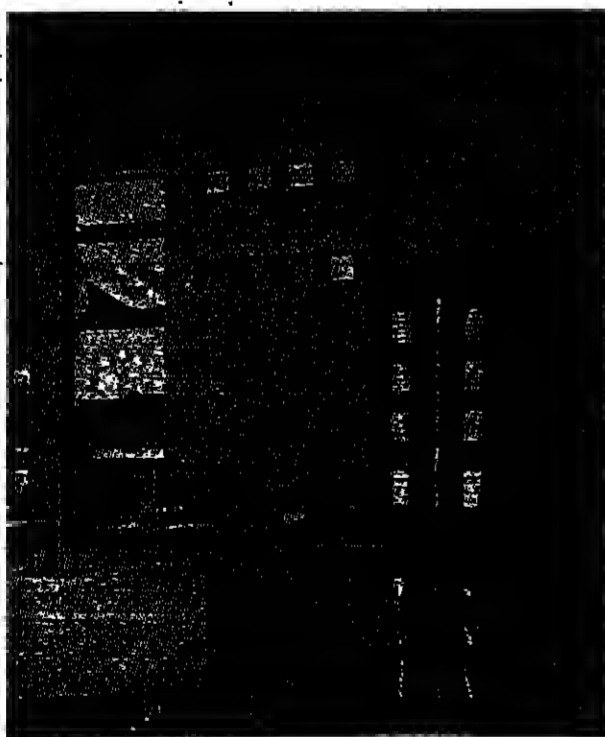
milk, and 60% each in Australia and the USA. We have developed a new process for cheddar cheese - and processes to turn unwanted whey into valuable products. And our unique know-how has led to custom-built yoghurt plants that produce some of the world's best-loved brands. King Canute would have been justifiably proud of such Anglo-Danish pre-eminence! For more information please contact us at one of the addresses below.



World leaders in process technology

APV plc, 2 Lygon Place, London SW1W 0JR. Tel: 01-730 7244.
APV Pasilac A/S, 2 Europaplads, DK-5000 Aarhus, Denmark. Tel: +45 06 209155.

BRF IS A DANISH MORTGAGE BANK



BRF is a Danish mortgage bank. The third largest in Denmark with a total loan portfolio of 9,318.5m GBP at the end of 1988. BRF administers 489,000 loans, covering more than 290,000 buildings.

BRF is also operating in the U.K. and West Germany. In both the U.K. and the FRG, BRF provides loan for commercial building as well as for housing.

BRF

Denmark
205 Klampenborgvej, DK-2800 Lyngby
Phone: +45 2 93 93 93 (from May 16, 1989: +45 45 93 93 93)
Telefax: +45 2 88 79 68 (from May 16, 1989: +45 42 88 79 68)

DENMARK 4

**UK public relations campaign
'More to us'
than bacon**

THE DANES think they have a problem: too few people out in the wide world have got the first idea where or what Denmark is, like the US White House spokesman last year who was asked about a Danish problem: "Danish, that's something we have for breakfast," he commented.

Those who do associate Denmark with something or other have associations which the Danes are only half-happy about, such as the British schoolgirl, who was asked by a market researcher what Denmark meant to her: "Pig, bacon, pig, pig, pig," she said.

The Danish government has decided that the time has come to do something to brush up awareness of Denmark and what it can do.

Over the coming months the government will spend DKr37m on a major trade campaign in the UK, which ranks third after Germany and Sweden in the Danish trade statistics. If it is a success, the campaign will be followed up with similar campaigns in Germany and elsewhere.

Danish exports to the UK last year totalled DKr21.9bn, 11.6 per cent of total exports, with food, DKr8.0bn, by far the biggest item, imports from the UK to Denmark were DKr12.6bn, about seven per cent of total imports.

The general idea of the trade campaign, as Denmark's London ambassador, Mr Peter Dyrvig, has put it, is to "put Denmark more in the limelight" - or as Ms Djursaa Dyrvig, author of a survey of British attitudes to Denmark, has it, "to drag Denmark from obscurity".

Ms Djursaa found that a high proportion of respondents did not know that Denmark is a member of Nato (it is; it joined in 1949) or the European Community (it is; it joined with Britain, in 1973).

A second aim of the trade push is to persuade the British that there is more to Denmark than bacon, butter and beer - not that there is anything wrong with these products (as any Dane will tell you, they are second to none) - but the country has more to offer.

Unfortunately, as shown by Ms Djursaa's survey, carried out among middle and top-level managers and students in higher education in geography and politics, Denmark "ranked abysmally" compared with four other countries where industrial products were concerned.

"We received rock-bottom ratings... even on genuinely strong exports like electronics and pharmaceuticals," said Ms Djursaa. "As one respondent said in a group interview, he'd be very suspicious of 'videos and things like that' from Denmark, because he'd think we were having a go without experience, rather like a developing country."

This respondent probably did not realise that Bang & Olufsen, the manufacturer of up-market audio and television equipment, is Danish. This raises another problem.

Most of the big and successful Danish companies, which people all over the world can be expected to know about - Carlsberg in beer, Lego for plastic toy construction kits, Bang & Olufsen - are known



A display of Danish cheese in Copenhagen and (right) many do not know that the upmarket audio equipment maker is Danish.

for their products, not for being Danish.

This is as it should be, according to the industrialists themselves, who are not over-enthusiastic about the spending of DKr37m of taxpayers' money on an image campaign. The Federation of Danish Industries (roughly equivalent to the UK's CBI) even went so far as to dissociate itself from the campaign.

Apart from beer, butter and bacon, Denmark has a considerable and growing presence in the UK.

Rentokil, which combats pests and is listed on the London Stock Exchange, is Danish-owned. The Carlsberg Northampton Brewery is the group's most profitable operation. Grundfos, probably the world leader in stainless steel submersible pumps, has an important production plant for heating pumps in Sunderland. DFDS, the shipping company, dominates North Sea ferry and freight traffic. A.P. Moller-Maersk has a substantial shipping operation, based in London, while Maersk Air has an ambitious foothold in UK civil aviation, and so the list could continue with the names of nearly all the larger Danish companies.

There is also a considerable community of young Danes who have led the Danish tax climate and set up in the UK in all sorts of businesses, among them a number of successful software producers.

Britain, of course, also has a strong presence in Denmark, and it has been strengthened over the past year or two by three particularly important investments, all of them a tribute to the Danish industrial know-how which the British are supposed not to know about.

In 1987, APV, the British-based food and beverage industry equipment group, bought Pasilac-Danish Turkey Dairies, a world leader, in the field of dairy design and equipment manufacturing. In financial straits at the time, Pasilac has been made the APV group centre of excellence in dairying. Pasilac is now benefiting from the marketing strength which APV has brought it, orders are recovering, employment at Pasilac is on the rise, and the acquisition appears to have been a success for all concerned.

Last year ICL, the UK computer company, acquired 50 per cent (and it has management contract as well) of Regne-

tralen, which is Denmark's largest computer manufacturer. Despite technical excellence, however, the company has lacked financial and marketing power. With ICL's management and marketing strength to back it, Regne-

Finally, Booker, the UK food and beverage group, bought Denmark's leading seed developer company, Dechmofield, providing a foundation for a stronger international presence for the Danish firm.

Hilary Barnes

TOURISM

VAT is offputting

IN THE fairy-tale land of Hans Christian Andersen, the golden goose may still be able to lay the much desired egg - but only if the VAT on eggs drops.

Tourism is Denmark's fourth largest export industry which brought in nearly DKr18bn in 1988 but, as Ms Anne Høi, press officer for the Danish Tourist Board, admits: "Tourism is increasing but not enough." One of the acknowledged drawbacks of this "Little Country With Lots To Offer", as the campaign slogan goes, is the high VAT rates.

Denmark has a flat rate of 22 per cent VAT on all goods, not including additional taxes on "poison" goods such as tobacco and alcohol, which helps to push up the prices of everything from plastic Little Mermaid souvenirs to fur coats from Birger Christensen. Since no immediate solution seems to be in sight, the 86,000-strong Danish tourist industry is still having to pin its hopes on the harmonisation following 1992.

After the scare of a sluggish high season due to a particularly wet summer and the Chernobyl disaster in 1987, the Danish Tourist Board began more serious campaigning in Norway, West Germany and the UK to try to hold on to its share of the European tourist market.

Not surprisingly, tourists from Sweden, Norway, Finland and Iceland still make up the largest proportion of visitors to Denmark accounting for more than a third of tourist receipts in 1988.

Part of the reason for this is that Copenhagen International Airport is the hub airport for the Scandinavian international airline SAS, which means that many on-going flights to the rest of Scandinavia are forced to transit through Copenhagen. The airport has recently put in a DKr125m shopping centre with cafes and restaurants in order to make it more attractive.

Denmark is also ideally placed geographically so that Norwegians, Finns and Swedes holidaying by car must transit through Denmark to reach the Continent. "Our Nordic visitors felt at home in Denmark where the culture and language is similar to their own," explained Ms Høi.

It is almost a tradition that many Swedish tourists come to Copenhagen to shop before Christmas since prices are marginally lower than in Sweden.

"Political indecision has been a limiting factor, particularly to Copenhagen's growth as a meeting and convention centre," explained Mr Lars Ellicher-Hansen, managing director of the quasi-governmental Danish Convention Bureau.

Since its peak in 1982 when Denmark was listed seventh most-used convention and meeting-centre in the world, alongside New York, business



The Little Mermaid welcomes visitors to Copenhagen.

The tourist board has set up a new division as, unfortunately, the Danes spend more money outside the country than foreign tourists spend in Denmark.

that the sum will double by 1995.

The unfortunate fact that Danes spend more money on holidays outside Denmark than foreign tourists spend in Denmark has recently attracted renewed interest from the government.

This worrying difference, in a country that already has a serious balance of payments problem, has prompted the new division in the Danish Tourist Board aimed solely at attracting local holiday-makers to spend their Danish kroner in Denmark.

"It would be unrealistic to think that we could make a serious dent in the charter tour market - to places like Spain and Portugal; but we do hope to keep up last year's increase," said Mr Erik Skjold-delev of the Danish Tourist Board.

The division, which was set up in April of last year, has a budget of about DKr25m and has increased local Danish tourism by almost 10 per cent since it was set up.

Xueling Lin

EC RELATIONS

We're not the foot-draggers - Minister

WILL THE completion of the European Commission's internal market provide the Danes with an opportunity they are well-prepared to exploit (the view of Foreign Minister Uffe Ellemann-Jensen) or will it turn out to be "a nightmare", as the leader of the Social Democratic Party, Mr Svend Auken has expressed it? The Danes are not quite sure.

They have always been ambivalent about the European Community. They joined after a referendum in 1972 which gave a two-to-one majority in favour of joining. But for the next 15 years opinion polls suggested that they regretted their decision.

In 1988 a left-centre majority in the Folketing was on the verge of refusing ratification of the Single European Act when the prime minister called another referendum. Again, when faced with having to make a real choice, the electorate backed the EC.

The 1986 referendum put things in place. The parties

opposed the Single Act, the Social Democrats, Radicals and the Socialist People's Party, have finally come to terms with membership. "The referendum created a new situation," said Mr Ellemann-Jensen.

Implementing the Single Act, however, poses some extremely serious problems for Denmark, arising from the high level of indirect taxation in Denmark.

If Denmark were to reduce its indirect taxes - the 22 per cent single-rate value added tax and purchase and excise taxes on heating oil, petrol, sugar, alcoholic beverages, tobacco goods and most consumer durables - to the average level in the Community, it would cause a loss of revenue of at least DKr40bn, or about a third of the government's revenue from indirect taxes, says a government study.

It is this issue that caused Mr Auken, in a recent essay, to write: "The EC's internal market can become a nightmare for the Danish economy and

mean a brutal farewell to the welfare state. But we have no choice. We are there, like it or not." He pins his hopes to the contribution that Denmark can make to developing the social dimension in the EC. "We want a welfare model on the European level, not to dismantle what we have in Denmark."

"This is a very real problem," said Mr Niels Helveg Petersen, the economy minister. "If we brought down our taxes rapidly to the levels proposed by the Commission it would increase our balance of payments deficit by DKr25bn."

"It is obvious that we have a problem here which goes to the heart of our economic policy. We expect our partners in the EC to understand this."

If border controls were removed overnight, there would be a stampede to buy a wide variety of highly-taxed products across the border in Germany, which has few taxes on consumer durables, much lower taxes generally, with a two-tier VAT rate of 7 and 14

per cent.

But borders will not be opened on January 1, 1993, according to Mr Helveg Petersen.

Referring to a report by Danish officials, which has looked at the legal commitments undertaken by signatories to the Single Act, he says that there are no commitments to abolish border controls for the purposes of preventing smuggling, controlling immigration, catching terrorists, or where veterinary controls are concerned ("no one imagines Britain is going to relax its controls against rabies," he said).

In his view, these controls will not prevent free movement of goods, services, capital and persons, to which the Single Act is committed.

At the suggestion that, rather than preparing for tax approximation, Denmark is actually preparing a rearguard action to maintain its high indirect tax rates as long as possible, Mr Helveg Petersen

becomes indignant and emphatic that this is not the case. He insists that adjustment can only take place over a period of some years. He also points out that the government is preparing one of the most radical reforms of taxation in the country's history.

If the implication is supposed to be that the Danes are the EC's foot-draggers, he resents it. "We are very good Europeans," he says, and points out that not only is Denmark arraigned before the European Court less often than any other country, but that it sometimes wins its cases.

"We are on target, or ahead of it, in the liberalisation of capital markets. We are on target in removing technical restriction to trade. We are on target administratively. We are prepared to strengthen the European Monetary System, and we are not opposed to a withholding tax (on interest on bank deposits)," he points out.

Hilary Barnes

Sterling PRODUCTS

EVERYBODY'S TALKING ABOUT THE ENVIRONMENT!

Now Sterling Polish is here in the United Kingdom with a complete range of Household and Industrial Cleaners that are environmentally friendly and easy to use.

Since 1941 Sterling has established a reputation for high quality household and industrial polishes.

Sterling offers the original 'Bistro' range of water soluble, non-toxic, biodegradable metal cleaners. Sponge them on and wipe them off, no dirt, no mess, no hard work

For details in the U.K. contact:
Oxford (0865) 882465

Sterling
POLISH COMPANY AIS
GENTOFTE DENMARK

R. HENRIQUES JR.
STOCKBROKERS SINCE 1801

Bonds, Stocks, Futures, Options
Financial Analyses.

2, Nikolaj Plads, 1067 Copenhagen K.
Telephone +45 1 125252
Telefax +45 1 124752

WHITEFRIARS LIMITED
20/25 GLASSHOUSE YARD
LONDON EC1A 4JN

MEMBERS OF
THE SECURITIES ASSOCIATION
THE
INTERNATIONAL STOCK EXCHANGE

SHAREHOLDERS ARE:
BIKUBEN, COPENHAGEN
INTERALLIANZ BANK ZURICH AG
MORVAL ET CIE. Switzerland.

MARKET MAKERS: (PROPOSED)
DANISH EQUITIES
DANISH GOVERNMENT BONDS
DANISH MORTGAGE BONDS

CONTACT: LARS THOMSEN
TELEPHONE: 01-253 1505

We've got the concept, if you want the business.

BOLIDAN AS - one of Scandinavia's major makers of kitchen and bathroom units - is looking for a network of stockists in the UK. Well-established stockists with the necessary showrooms and storage facilities will be preferred. It is essential that customers do not have to wait for weeks for their new kitchen, but can pick it up on the spot. First year's turnover is expected to be in the region of GBP 500-800,000.

We are primarily seeking collaboration with DIY superstores, builder's merchants, home improvement centres, trading companies or kitchen makers who might favour the idea of a new company with an IKEA-type of appeal.

Our Danish-design kitchen and bathroom units are available in a wide choice of cabinets and doors, all packed flat in demiproof cartons.

BOLIDAN is not a down-market manufacturer; we actually prove that high quality and low-budget CAN be a perfect match.

Our kitchen and bathroom range is of a high-quality standard which has been tested and approved by the Danish Institute for Informative Labelling (DIVN), an independent standard agency. (A body similar to that of MÖBELFAKTA in Sweden).

Why hesitate, call, write or telefax us now for the video of our kitchen concept.

BOLIDAN

Head Office:
Langes Gård 12, DK-4200 Slagelse,
Denmark
Phone: +0 10 45 3 52 52 54
Telefax: +0 10 45 3 10 08 08

We make market in DKK securities for many of the world's major institutional investors.

BRANCOR SECURITIES

5, Dronningens Tværgade, DK-1302 Copenhagen K
Telephone: +45 1 93 61 00, Telefax +45 1 93 61 16

DENMARK 5

FINANCIAL SECTOR

Giants begin to stir

THREE LITTLE-known giants of the Danish financial sector are awakening to a new and active era of international combat, and they have every intention of putting those better-known institutions, the banks, in the shade.

Those banks which continue to base their business on deposit-taking, and not transactions business, will die out. They are the dinosaurs of the financial markets, said Mr Thoralf Krarup, chief executive of Nykredit, the mortgage credit association.

But it's a time of rapid change for all the actors in the financial markets, banks, insurance companies and the bond and share dealers.

The three largest insurance-based groups, Bellica, Fichta and Top Denmark, have now given themselves a holding company structure. This has enabled them to break out of insurance (Danish law says that insurance companies may not conduct any business but insurance) and into other financial services.

Banks are perhaps the most adventurous in this respect. It is setting up a nation-wide chain of real estate agencies, has bought the national ambulance, fire and vehicle rescue service company, Falck, and last month it started the financial world by acquiring a 9 per cent stake in Hambro Bank.

The commercial and savings banks are on the brink of far-reaching structural changes, but although most bankers are convinced that a wave of important mergers is just around the corner, the mergers have yet to happen.

It is widely accepted that Denmark is over-banked, with some 70 commercial banks and 140 savings banks to serve 5.1m people.

about half its group operating profits came from its banks in London and Luxembourg. This year will be a significant one for the savings banks, since legislation which took effect at the New Year enables them to turn themselves into joint stock companies.

The savings banks operate under the same banking act as the commercial banks and may conduct the same kinds of business. The only difference between them is that the savings banks cannot go to the market to raise equity capital.

The mortgage finance institutions are also in the first stages of internationalisation. KD, Nykredit and the third of the general mortgage associations, Byggeriets Realkreditfond (BRF) are active in London and Germany.

The de-regulation of Europe's financial markets will put an end, at least theoretically, to the monopoly which associations have in Denmark and, more importantly, it will enable them to expand internationally - and they believe that they are in a strong position to do so.

There is precise matching between assets and liabilities with respect to maturity, interest and currency. The credit risk is the only risk carried by the institution, and therefore the mortgage credit sector operates with a low interest margin of about 0.5 per cent.

The system, used for most mortgage financing domestically, has given rise to a large and efficient bond market, ranking ninth in the world by the value of bonds listed, at nominal value, with the amount in circulation about Dkr1,200bn and turnover of about Dkr5,500bn.

Mr Krarup's reason for thinking that bond-issuing institutions such as his can look to the future more confidently than the banks and building societies is that he thinks more and more savings will leave the banks and be channelled into bonds, which give better returns. The reason

the returns are better is because the market operates with minute staffing and administrative costs compared with the commercial banks, savings banks or building societies.

The Danish mortgage credit institutions are well prepared for competition in Europe. Their capital base is stronger than similar institutions in Europe. In Nykredit's case reserves of Dkr16.6bn are 5.5 per cent of total assets. Since it is expected that the reserve requirements for mortgage credit institutions will be raised closer to the levels being demanded of the banks, the Danish institutions will be in a strong position.

Their next move may be to convert themselves into joint stock companies, which, it is expected, they will be permitted to do under legislation now in preparation.

This will make it easier for them to go to the capital markets for finance (when we tell people that we are an association, they think we must be some kind of bingo club," said Mr Krarup) and it will enable them to extend the scope of their business.

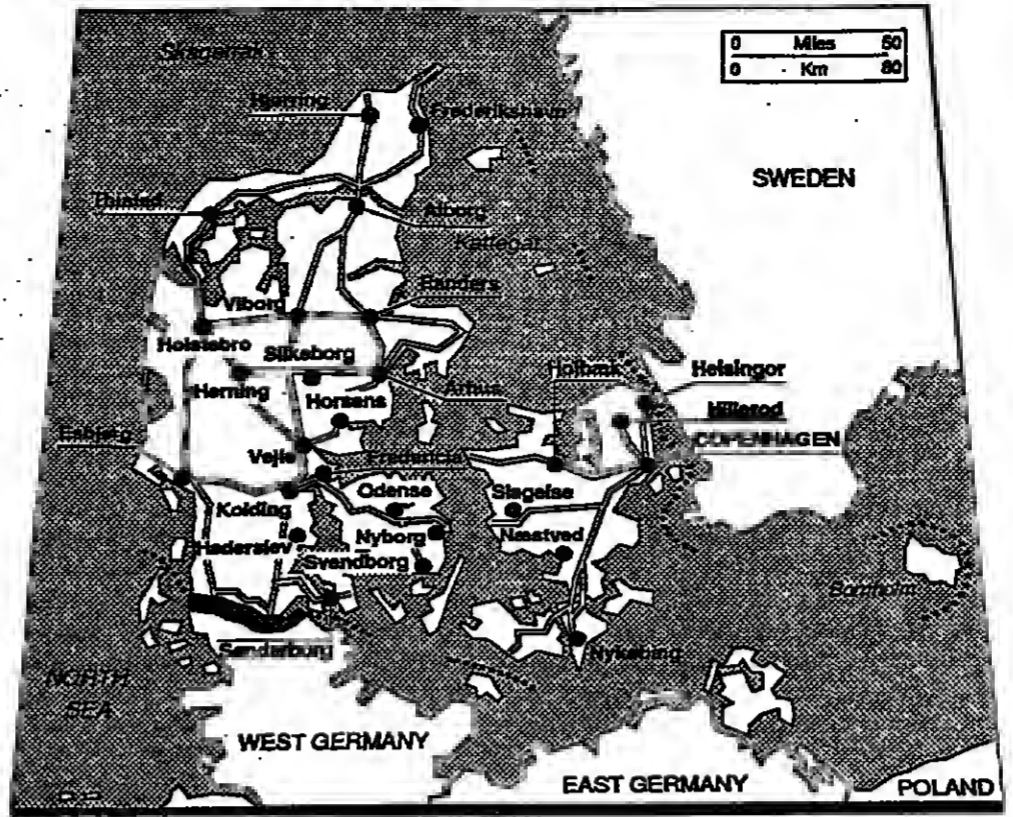
Danish institutions are learning the hard way about the difficulties of operating abroad. A \$25m Danish Docklands project, Greenland Passage, where 182 luxury flats have been built, is having trouble selling the flats after the rise in UK interest rates.

Nykredit is involved in a 250m residential and office project, The Circle, near The Forum, but is not providing mortgage finance until the price paid by the final buyer is known.

Meanwhile, in the domestic market, 1988 brought some unexpected problems. First, there were several projects on which the institutions were accused of having lent more money than they were legally entitled to do, which came to light when the market turned sour.

Substantial increases were therefore made in loss provisions by the mortgage associations. However, 1988 was also a year with big increases in bond prices, so the net profits of the institutions just about doubled.

Substantial increases were therefore made in loss provisions by the mortgage associations. However, 1988 was also a year with big increases in bond prices, so the net profits of the institutions just about doubled.



AP MOELLER

Success on the seas

AP MOELLER, the shipping, oil and industrial group, may be the biggest business conglomerate in Denmark but it has always favoured a low public profile.

In its last published results for 1987 the group made a profit of Dkr2.7bn before depreciation and announced new investments totalling Dkr3.5bn, a remarkable result in a sector of business that has stagnated for many years.

With a fleet of over 100 ships and a total 6m tonnes deadweight, the Moeller group is a major trading company across the world. The founder, Mr Arnold Peter Moeller, was far-sighted enough in 1928, 24 years after the group was established, to start a cargo liner service under the name of Maersk line to link the US with the Far East.

last April that Maersk Mc-Kinney Moeller, the 74-year-old son of AP, agreed to expand the group's operations to the North Atlantic routes. The Maersk line is now the world's third largest container operator, with a particularly strong presence in the US from coast to coast.

The natural caution has done the group no harm. Moeller was a late entrant into the container revolution but this proved to be a genuine advantage since the group could learn from the mistakes made by others.

Active from the early 1960s in the oil and gas business, Moeller holds the concession for exploration in parts of the Danish section of the North Sea continental shelf, where it operates through a consortium with Shell and Texaco.

austere headquarters on the waterfront close to the Royal Palace in Copenhagen, reflects a quiet competence in a group that has to operate in a highly sensitive and harsh international climate.

The group is also building up its presence in aviation. Continued on Page 6

Mergers and acquisitions

Big is beautiful idea takes hold

THE NEW year of 1989 has been a time of new resolutions for Danish industry. The old, acknowledged ideology of "small-is-beautiful" has given way to a new "big-is-better" mania in the business community.

A wave of mergers has swept all sectors of Danish industry over the last three months based on the prevailing ideology of "small-is-beautiful" has given way to a new "big-is-better" mania in the business community.

The term "industrial locomotives" was coined from an analysis by a group of businessmen, civil servants and trade unionists, titled, "Has Denmark a future as an industrial nation?"

In the analysis, the group argued for "large integrated industrial complexes which might function as locomotives in production, development and research."

Denmark's membership of the European Community and the approach of the single market in 1992 has drawn attention to the comparatively small size of Danish companies.

(Switzerland, which is about the same size as Denmark in population, has more than 14 "Europe-500" companies.)

The hope is that Danish industry by increasing its size will benefit from the economies of scale, and be in a better position to compete with its big neighbours West Germany, Sweden and the UK.

To date, most of the heavy weight mergers have taken place between companies which are already in a healthy position economically; merger activity has not involved moves to save sinking companies.

Three of the largest companies in the food industry merged at the beginning of the year to form the largest company in Denmark. The new food giant, Danisco, has turnover of Dkr13bn and it has brought together three manufacturers which specialise in different food products: sugar, snaps, a popular Danish hard liquor and emulsifiers.

company bought over a leading packaging company, Raackmanns Fabrikker which specialises in flexible packaging for the food and beverage industry.

One of the most welcome and logical mergers to take place has been in the pharmaceutical industry between two of the largest companies, Novo and Nordisk.

The post merger Novo-Nordisk will have a 950-strong research base and it is hoped that the marriage will have cut out any wasteful research duplication.

Not all the mergers that have taken place support the "locomotive" idea since many Danish companies, although large by Danish standards, have very little impact on foreign markets.

This is the case with the Spies-Tjaereborg venture. Spies Rejser is the dominant charter travel group in Denmark and its purchase of its chief rival, another Danish travel group, Tjaereborg, means that it now can claim over 80 per cent of the Danish market.

According to the West German research institute, IFO, in a recent report on Denmark, the state of mergers has been an important step but will not necessarily save the country from economic stagnation.

Much more important are the questions of high direct taxes, high wages and low productivity which need to be solved not by industry alone but by Government policy.

Xueling Lin

Advertisement for SDS bank with a map of Denmark and the text 'MORE BRANCHES IN DENMARK THAN ANY OTHER BANK'.

We know every Hamlet in Denmark.

SDS has more branches in Denmark than any other bank. Over 330 in fact...from Copenhagen right down to the smaller towns (and hamlets!). Your Danish customer will never be very far from his local SDS.

Denmark, Head Office: 8 Kongens Nytorv, DK-1094 Copenhagen K. Telephone: +45 113 13 39. Telex: 15745 sdsdk dk. Fax: +45 111 63 72.

Advertisement for Danish Bacon & Meat Council with the headline 'A GOOD F.T. SURVEY HAS WRITTEN ALL OVER IT' and various contact details for suppliers.

DENMARK 6

CARLSBERG

Beer that goes down well the world over

IT IS not really surprising that Carlsberg lager has become synonymous with Denmark. After all, it was Mr Carl Jacobsen, son of the founder, who presented the famous Little Mermaid to the city of Copenhagen in 1913 and Carlsberg is associated with the running of the Tivoli gardens.

Its own sprawling brewery in the inner city is now an extraordinary mixture of modern technology and the bizarre buildings of the founding father and his son with their ornate rooms, more in keeping with a Greek temple than the home of a family making their wealth out of selling beer.

Today, Carlsberg and Tuborg which it acquired in 1970 have become an international conglomerate, known as United Breweries, with markets across the world. Their beers are now exported to 140 countries and brewed under licence by 48 breweries in 23 countries.

Founded in 1847, export-oriented Carlsberg was moving onto world markets almost from its birth: it began exporting to Britain in 1868, where it remains very strong with a brewery in Northampton (opened in 1970) and a distribution network through the Grand Metropolitan group.

But the company also began exporting to East Asia and South America in the 1970s. The posters hanging on the walls in the Carlsberg Museum testify to the onward march of lager in the heyday of European imperialism to China, Malaya and Hong Kong.

The volume of sales outside Denmark of all the group's beer brands is today double that of its domestic market. Last year, Carlsberg achieved

the best financial results in its history, with a post-tax profit of DKr540m, a 23 per cent increase on the previous year. Its annual turnover in 1988 rose by 9 per cent to DKr10bn.

The group has virtually satiated its home market and it recognises the difficulties of any further penetration for its brands in West Germany where it remains the biggest

Carlsberg beers are exported to 140 countries and brewed under licence in 28 countries

imported beer supplier. Beer drinkers are generally conservative customers, however, and it is hard to break traditional drinking habits. Carlsberg has high hopes of building up sales in the wine countries of southern Europe, particularly in Spain where it has had a controlling interest in the Union Cerveceras group since 1986, and Italy, where Carlsberg took over Industrie Peretti seven years ago.

The harmonisation of duties inside the European Community by 1992 will have mixed results for Carlsberg, but it may lead to a price war in a highly competitive market.

It will be less easy for the group to build up its presence in the North American beer market, but last year Carlsberg reached a co-operation agreement with Labatt, the largest brewing group in Canada, and through its existing joint venture with the US company Anheuser-Busch the group has

been making steady progress in the US.

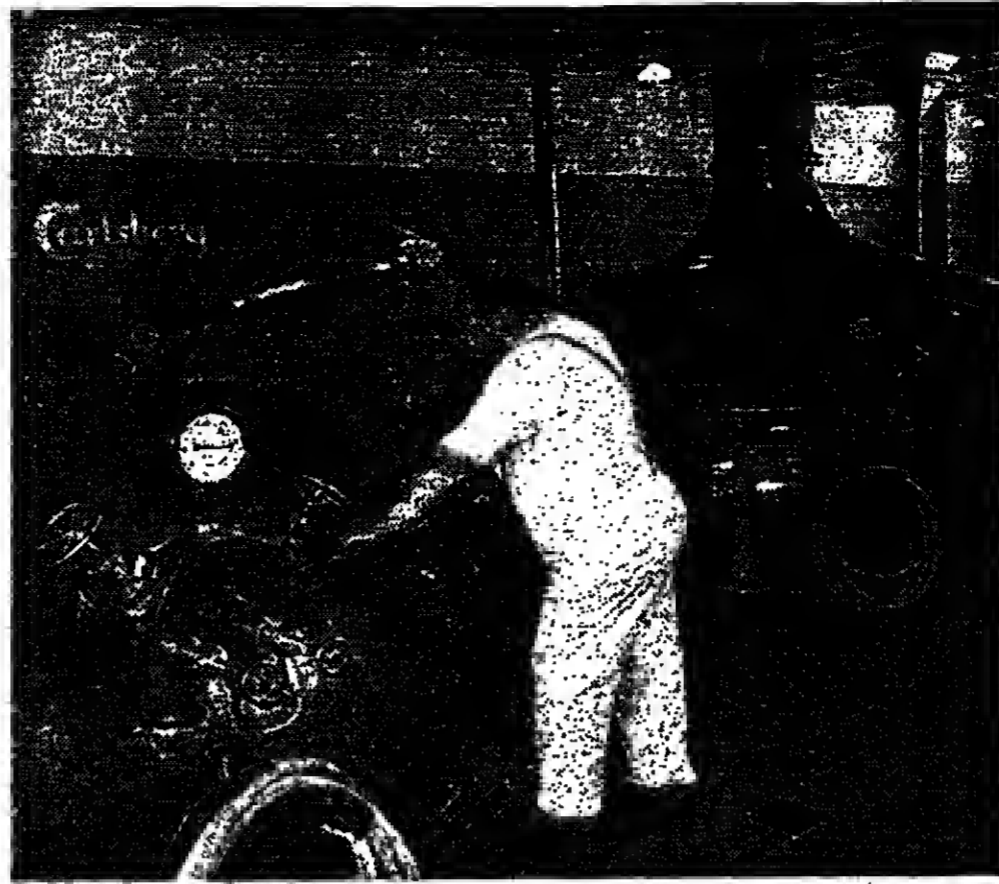
Carlsberg also has a substantial presence in the developing world. It built its first brewery outside Denmark in Malawi in 1988. Three years later another was built in Malaysia and, in 1981, the group established a brewery in Hong Kong.

The company's business activities nowadays are not restricted to making beers. As a result of its intensive research programme, Carlsberg has developed a number of group companies over the past 10 years, which manufacture products for the food industry, the control and automatic processing of fish and meat products and the making and marketing of peptide synthesis technology. It is not widely known that the group also owns the Royal Copenhagen Company which manufactures porcelain, silverware and household glass.

The brewing business is highly competitive and the challenge of 1992 will provoke a rash of mergers and acquisitions, but observers say that Carlsberg will remain invulnerable. Under its structure at least 51 per cent of the share capital of the group has to be owned, according to its statutes, by the Carlsberg Foundation, established in 1876. That group is also famous for its wide range of grants and bequests in both the arts and sciences.

In the past few years, Carlsberg has gone through a period of rationalisation. A third of the workforce at its Copenhagen brewery had to go and DKr450m was invested in a new bottling plant.

Robert Taylor



Carlsberg brewery, Copenhagen

ISS

A clean market sweep

A PIECE of advice for anyone who wants to establish the world's leading office cleaning and building maintenance business: first find your Poul Andersen.

The chief executive of Denmark's ISS has been with the company for 25 years, and in that time has developed it from one of many Danish cleaning and security companies into the biggest group of its kind in existence, with a world-wide labour force of some 115,000 and a turnover which in 1988 will increase by at least 25 per cent to DKr3.5bn.

And this may be no more than a start. While ISS is market leader in several countries, and has a market share in Denmark itself of about 50 per cent, in some of the other markets where it is the biggest single company, as in the US, it has only 2 or 3 per cent of the market. Clearly, there is scope for expansion.

Having caught your Poul Andersen, the question is: "How does he do it?" The truth is probably complex, but one of the central concepts in the development of ISS is a determination to improve the status of the

labour force in an industry where the 'Mrs Mops' have never been ranked with the industrial elite.

"Our staff are professionals, and they should be regarded as professionals," says Mr Ib Goldschmidt, a member of the management board.

This means that a very substantial effort is put into education and training, which is designed to ensure that the customer receives good service - and also to reduce staff turnover in a business where many people work part-time and where job rotation is often high.

"We need job satisfaction, and if we don't do something about it, we just won't get the staff we need," says Mr Goldschmidt.

The training, which takes place at all levels, is a step towards devolution of responsibility and decision-making in order to give the individual greater influence over his or her work situation. The policy is pursued throughout the group, whether in Denmark, Brazil or Britain.

The programme is called the Partner Project, and to emphasise the importance attached to

relations with employees, ISS in 1988 became the first Danish company to make a directed share issue to all employees, not just in Denmark but world-wide.

In 1988, ISS had over 60,000 employees, but it has recently acquired a large company in the US, ADI, with a turnover of \$20m and 28,000 staff, as well as the UK Mediclean hospital services group and a large cleaning company in Sweden. Its total labour force now is about 115,000.

ISS' business operations fall into two main categories: building maintenance, which includes cleaning, linen and canteen services; and building automation, which covers energy control systems and building management systems.

In addition there are a variety of special services, hospital cleaning, supermarket services, abattoir cleaning, and so on.

In 1988, ISS hopes to obtain a listing on the London Stock Exchange in connection with a planned share issue. Its US subsidiary, ISS, already has a listing in New York.

Hilary Barnes

FUR FARMERS

Monopoly under strain

FUR FARMERS in Denmark have been making good progress in sales to the US and East Asian markets in recent years, but they have begun to tread more warily in Europe. A recent fine by the EC Commission on the Association of Danish Fur Farmers for the violation of EC competition rules has sparked off an appeal by the association to the European Court of Justice in Luxembourg.

The Commission slapped on the DKr40m fine because 99 per cent of Danish fur farmers belong to the association which in turn sells the furs on commission through its own auction houses.

This is seen as an abuse of a monopoly position. However, Mr Helge Olsen, of Danish Fur Sales says: "The fur farmers are under no obligation to sell their furs via the association." The irate fur farmers have argued that the Commission is not in a position to assess the local fur market because it has an insufficient understanding of the special nature of the

market. Fur farming has a long tradition in Denmark and the other Scandinavian countries, having started in Norway in 1914; it is one of the few genuinely integrated Scandinavian industries.

Some concern in the 1950s that the four countries, Denmark, Sweden, Norway and Finland, were too small to compete against the US and Canadian breeders, prompted the creation of a common marketing body called SAGA. This organisation deals only in farmed furs and not with furs from wild animals.

Until now, the system of the fur farmers selling their furs to the fur associations, which then market the furs via SAGA, has worked well. Scandinavian furs now dominate the world fur industry, jointly producing half the world turnover in mink furs and close to 90 per cent of the world turnover in farmed fox furs. Danish mink furs alone had a turnover of DKr2,561m in 1987.

The mild winter in Europe and the fluctuating US dollar have brought fur prices down in recent months, but this is regarded only as a temporary situation.

"The fur trade is very seasonal," explains Mr Niels Liljestrang, head of information for SAGA.

The association has been actively encouraging demand for fur having recently opened a special centre which offers free courses in fur design for gifted design school students.

The SAGA International Design Centre opened in the north of Copenhagen in December 1988 and has already had its first round of students from the UK, Hong Kong, Japan and Spain.

"We give the students a chance to work with fur which they would not normally have, since fur is too expensive a material for most design schools," said Mr Liljestrang. The centre also offers design instruction and fur-marketing courses.

Xueling Lin

Success on the seas

Continued from Page 5

Maersk Air started its activities in 1969 and it is now a partner in Danish, the Danish domestic line. The group has only around 8 per cent of the Scandinavian market with a majority of the domestic routes within Denmark and is no immediate threat to the

supremacy of SAS in the region. But the outlook could change with the onset of deregulation. Closer air links to Britain have already been established through Birmingham and the group is busy building up the air freight company that it started two years ago.

Moeller has diversified outside the energy and transport industries. It can now be found in the manufacture of components for the car industry like brake pads, fan belts and radiator hoses, as well as the production of automatic sand-moulding machines, cooling conveyors and other advanced technology for the foundry industry; and the manufacture of plastic products, disposable sterilised articles for medical use and PVC sheeting. The group has even advanced into the food and retail business through joint ownership of the Danish Supermarket chain with

beyond the core shipping business has not diluted its underlying philosophy based on unfashionable virtues like self-discipline and the sharing of responsibility through duty. Over 2,000 young people apply every year for a job with Moeller and the 85 who are successful have to go through a demanding training in language and management skills.

Company executives believe that Moeller will have to adapt to the needs of the European Community, though ISS is not particularly central to the group's strategic thinking. It is the new EC company law which will require a different approach, perhaps making the group more sensitive to the outside world. On present form, Moeller will have nothing to worry about. And perhaps even many Danes will at last begin to appreciate the existence of the group as a highly successful business.

Robert Taylor



Britain in Denmark

MORGENAVISEN Jyllands-Posten is Denmark's leading business daily. It also occupies a prominent position as regards foreign news, having its own 17 correspondents in Western Europe, Eastern Europe, the USA, The Middle East and The Far East. Furthermore it is the Danish newspaper that has expanded most for the last ten years.

Circulation: Weekdays 132,755
Sundays 221,017
Readers: Weekdays 375,000
Sundays 686,000

* MORGENAVISEN Jyllands-Posten is the largest Sunday paper in Denmark.

If you want to market your products in Denmark, please contact MORGENAVISEN Jyllands-Posten and ask for our foreign advertising department. You are also welcome to contact Frank L. Crane Ltd. in London, tel. 01-837 3330.

MORGENAVISEN
Jyllands-Posten

Grøndalsvej 3, DK-8260 Viby J.
Tel: +45 6 14 68 77
Telefax: +45 6 14 08 82

WIN THE BATTLE OF JUTLAND

Fly Maersk Air to Central Denmark and you've won the Battle of Jutland! We fly non-stop to Billund from uncrowded Southend, so you save up to 3 hours over airlines going via Copenhagen.

You can check in without fuss at our new Liverpool Street Terminal, or drive comfortably to Southend and park for just £1 a day.

We fly to Denmark twice every weekday on schedules geared to the business traveller, and once on Saturdays and Sundays. On all flights our service is impeccable, and we provide FREE drinks for Star Class passengers.

So you arrive in Denmark relaxed, and with more time to spare for the many leisure facilities (like fishing and golf) which this wonderful, friendly country has to offer.

For further information contact MAERSK AIR Reservations on 01 638 7920 or your Travel Agent.

MAERSK AIR
The Danish Airline

DENMARK'S LEADING ASSET MANAGEMENT BANK

ON THE CUTTING EDGE OF FINANCIAL SERVICES

HAFNIA
TRUST AND INVESTMENT BANK

Telephone +45 1 93 14 50

DANFOSS

Classic rags to riches story

IN THE middle of the wheat fields in the agricultural belt of southern Denmark stands a solitary skyscraper. Danfoss at first glance seems to epitomise the rags to riches tale. Danfoss started off in 1933 as a one-man business in the loft of a farm and has grown to become one of Europe's leading producers of automatic control parts, which range from small domestic thermostats to hydraulic motors for massive farm equipment.

The name, Danfoss, is often little known being hidden behind the label of the manufacturer of the finished product but it is not a glory that is sought on the food and agricultural sector, but also because of its attitude towards exports.

The company sells 90 per cent of its products overseas and over the past five years average sales growth has been 8 per cent.

Net sales for 1988 totalled DKr5,347m. Since the 1980s the company has been carrying out an almost text-book expansion into West Germany, Japan, the UK and most recently the US.

It starts by opening sales representative offices, then progresses onto acquiring its distributor and finally taking over a factory.

The success of this formula seems to be borne out by the West German market which represents Danfoss' oldest overseas presence, the company having opened a hermetic compressor factory in Flensburg, in northern Germany, in 1956. Danfoss now holds a leading share of the West German market for compressors.

"If you want make any real impact on a market you must manufacture part of the product in the country, even if it is pure assembly, or you will not

have any credibility," says Mr Gustavsen.

In 1979 Danfoss acquired its UK distributor, Dean & Wood, and five years later it took over a UK company which produces flow instruments, Flowmetering Instruments. The market that Danfoss is now hoping to penetrate is the US where it has bought an electronics company, Hampton Products, now a subsidiary of Danfoss Electronics.

"If we do buy another factory in the US it will be a 100 per cent takeover, we do not believe in doing things by halves."

"If we do buy another factory in the US it will be a 100 per cent takeover, we do not believe in doing things by halves"

Last year the company began a vigorous decentralisation programme aimed at preventing it from slipping into the inherent bureaucratic sluggishness of a company with more than 13,000 employees. An added concern has been the possible damaging impact of any further expansion of Danfoss' headquarters, already 7,000 workers strong, on the small surrounding agricultural communities.

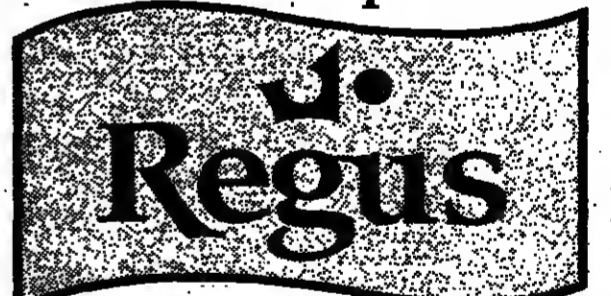
The company's wide range of products have been divided into six product groups which have become financially autonomous to a great extent. Each product group has to purchase materials and services from another product group at full cost. This has meant that each group could look for suppliers outside of the Danfoss group.

It has also acted as a spur to increased productivity and lower costs. Danfoss has fought shy of the recent spate of mergers in preparation for the European single market in 1992 that has swept all sectors of Danish industry.

As Mr. Gustavsen explained: "We already have a strong company profile which we are leading us to successful growth, so why change?"

Xueling Lin

There's a new standard of excellence in Serviced Offices in Europe.



Primely located. Exquisitely designed. Exceptionally appointed. Serviced offices now available in the heart of Europe's leading capitals.

Regus
SERVICED OFFICES

1 Northumberland Avenue London WC2N 3BW Tel: 01-572 9595 Fax: 01-572 5495 Telex: 9415485/G Regus-C	Regus House 3 Lärstjärnströmsväg DK-1454 Copenhagen K Denmark Tel: (45) 3322292 Fax: (45) 3324376	Straandvejen 13 S-114-56 Stockholm Sweden Tel: +46 (0) 8-666 54 00 Fax: +46 (0) 8-666 24 34
--	---	---

KB Design
 Dansk / English
 graphic design
 consultancy
 based in London
 specialising in
 corporate identities
 company brochures
 magazines
 packaging
 signage
 for a company
 brochure
 please contact
 Karen Blincoe
 Tel 01 286 5188

DENMARK 7

NOVO/NORDISK

Agreeable arranged marriage

NOVO INDUSTRI and Nordisk Genofte, Denmark's two biggest pharmaceutical companies, are on the brink of a new future together. They hope to have their agreed merger blessed by their shareholders on April 26 so they can prepare their strategy for the 1990s as a major player in the highly competitive world pharmaceutical industry.

The new conglomerate - Novo/Nordisk - will have an estimated turnover of more than DKK6bn, equity capital and reserves of DKK6.5bn and 7,350 employees across the world. It will become the second biggest company in Denmark with an expected 7 to 9 per cent rise in its sales and earnings this year.

"The merger makes sense for both our long-term development," argues Mr Mads Ovilsem, Novo's chief executive. He is pleased that the two companies have recently reported healthy profits for 1988, underlining the fact that their merger has not been forced on either of them because of financial weaknesses.

It is very much what he

describes as an "arranged marriage" but not at the point of a shotgun. While Novo enjoyed a 30 per cent rise in its pre-tax profits in 1988 rising to DKK1.8bn, Nordisk had a 16 per cent jump in its profits to DKK1.4bn.

The primary reasons for the unification of two companies that have spent most of their lives since their formation in the early 1950s in fierce business rivalry, lie in the cost benefits to be gained particularly in the marketing and research of their pharmaceutical products.

Mr Ovilsem links their traditional relations to the feelings generated between Swedish and Danish football supporters, but he believes there will be few serious problems in moulding the two together through a strategy of expansion.

The new company will start with 50 per cent of the world's insulin market and more than 65 per cent of all insulin sales in Europe.

In the US, Novo has not made as much progress as it had hoped in the face of the dominant position enjoyed by

the US insulin manufacturer, Eli Lilly, but this could change in the future.

Novo has enjoyed particular success over the past year in its sales of hormone replacement products, which went up by over 50 per cent to DKK1.2bn. The company has an especially strong market in the detergent industry for its industrial enzymes.

Mr Ovilsem talks enthusiastically of the group's future prospects in the field of "green chemistry" through the production of environmentally safe products and anti-pollutants. "We want to be a very specialised player on the biochemical scene," he adds.

With almost all its research and development concentrated in Denmark, Novo/Nordisk can be expected to make further breakthroughs from pooling their resources.

"Our survival depends on us developing new products," says Mr Ovilsem. In 1988, Denmark was the first country to give the market go-ahead to Novo's new human insulin produced by the fermentation of genetically engineered yeast cells.

More than 10 countries have followed suit and others are expected to join them soon.

The new conglomerate is also expected to build up its bio-industrial business. Last year Novo enjoyed a 13 per cent increase in its sales in that sector to a total of

DKK1.823bn. The company has a particularly strong market in the detergent industry for its industrial enzymes.

Mr Ovilsem talks enthusiastically of the group's future prospects in the field of "green chemistry" through the production of environmentally safe products and anti-pollutants. "We want to be a very specialised player on the biochemical scene," he adds.

With almost all its research and development concentrated in Denmark, Novo/Nordisk can be expected to make further breakthroughs from pooling their resources.

"Our survival depends on us developing new products," says Mr Ovilsem. In 1988, Denmark was the first country to give the market go-ahead to Novo's new human insulin produced by the fermentation of genetically engineered yeast cells.

More than 10 countries have followed suit and others are expected to join them soon.

The new conglomerate is also expected to build up its bio-industrial business. Last year Novo enjoyed a 13 per cent increase in its sales in that sector to a total of

The main reason for the merger of the two former rivals lies in the cost benefits of joint research

There is no reason to believe that the new conglomerate will not succeed. Admittedly the two companies who are about to merge have different cultures.

But Mr Ovilsem is determined to ensure that Novo/Nordisk will be an open, decentralised enterprise with encouragement for initiative from below.



Robert Taylor Worker at a Novo laboratory near Copenhagen

EAC

A star in the East

THE EAST Asiatic Company is one of Denmark's most prestigious international trading, manufacturing and transport groups with a profit last year of DKK344m and net sales of DKK17.7bn.

Not bad for a business that was established in 1897 by Danish sea captain Hans Niels Andersen on the profits of a hotel in Bangkok. From the very start, its market as a merchant enterprise was based on trade between Denmark and the Far East with subsidiaries established in Shanghai in 1900, the year of the Boxer Rebellion and in Singapore two years later.

Today EAC has direct business operations in more than 40 countries. At the end of last year the group consisted of 128 companies with interests in a further 38 associated businesses.

The company is far more than a trading and transport concern. Indeed, it has a diversity of business activities organised in seven separate divisions under the general strategic direction of the company from its headquarters in Copenhagen.

"We favour a balanced development so that we can spread the risks and ensure that none of our sectors is forging ahead at the expense of the others," says Mr H H Sparso, EAC's presiding managing director. "But all our activities are based on our ability as good merchants. We are major players in the areas in which we operate."

It is true that transport remains extremely important among EAC's interests, accounting for 27 per cent of the company's profits in 1988 and 18 per cent of group turnover with satisfactory results on the liner/container services between the East Asia and Europe.

During the second half of 1988, EAC in co-operation with the South Korean company, Hyundai Merchant Marine, enjoyed particular success on the routes between Asia and western Australia. But the company is also doing well in the carrying trade in forestry products between the west coast of North America and Europe through the management of Johnson ScanStar company.

EAC's trading division accounted for 22 per cent of the company's turnover last year, with strong results in its timber activities, especially in Australia, Canada, Brazil and the Philippines.

With plantations in Malaysia and an increasing trade with China, EAC continues to perform satisfactorily in the area where it first began.

But last year the company's

turnover was up 18 per cent on 1987, with a 15 per cent increase in net sales. The company's earnings rose 10 per cent to DKK344 million. EAC's operating profit was up 12 per cent to DKK177 million. The company's net sales were up 18 per cent to DKK17.7 billion. EAC's operating profit was up 12 per cent to DKK344 million. The company's net sales were up 18 per cent to DKK17.7 billion.

The project has not only provided major contracts for Danish engineering companies, but has also prompted the plan for a 100,000 sq m new city centre in Odense, the largest city on Funen.

The contract for a major part of the link, called the West Bridge, was won recently by a consortium, European Storebaelt Group, which includes the UK company, Taylor Woodrow Construction, and the Danish company, Per Aarsleff.

The concrete bridge will carry both rail and road traffic and will cost DKK2.9bn. As Mr Blom of the Danish Export Council explains: "Denmark could do with more projects like the Great Belt Link because they provide Danish companies with the experience they need for overseas projects. All we need is a favourable political climate."

As part of a "massive export drive" encouraged by the quasi-governmental Danish Export Council, 10 Danish building companies are planning to build demonstration buildings in the UK, West Germany, Portugal and Spain.

Two demonstration buildings, displaying Danish building products, will be constructed in the UK as part of

the 1989 'Denmark in Britain' campaign. The sites for the buildings have not been fixed as yet.

This emphasis on building exports comes in a slump period for local builders. Those hardest hit have been companies involved in the construction of offices and factories. Office development, particularly outside of central Copenhagen - which saw a boom over the last two years, fuelled by money from the wealthy pension funds trying to avoid tax payments - has reached saturation point. Rents have slipped as much as 40 per cent, in some cases.

"Local building has definitely had to face a curfew. In money terms, the industry is anything from 20 to 40 per cent down on last year," estimates Mr Finn Hoelting from the consultancy, Building Information. Construction in central Copenhagen has not been hit as hard as the provinces due to several large building projects which have taken up some of the slack.

The rebuilding of one of the major department stores, Illum, is nearing completion, as is a new DKK400m shopping and entertainment centre,

see a liberalisation of Danish law so that this form of financing will follow them on their overseas projects.

The Danish Government has been encouraging on this point - the Housing Minister, Ms Agnete Laustsen, acknowledged that "the financial side of Danish building exports will be considerably strengthened by a change in the mortgage loan law which we hope to have passed this autumn by parliament."

As part of a "massive export drive" encouraged by the quasi-governmental Danish Export Council, 10 Danish building companies are planning to build demonstration buildings in the UK, West Germany, Portugal and Spain.

Two demonstration buildings, displaying Danish building products, will be constructed in the UK as part of

the 1989 'Denmark in Britain' campaign. The sites for the buildings have not been fixed as yet.

BUILDING INDUSTRY

Slack sector looks overseas

DANISH building contractors may be going through a period of belt-tightening on the local building market, but they have not been complacent overseas.

Together with special financing from Danish mortgage credit institutions, Danish increased exports from DKK9.2bn in 1980 to DKK18.7bn at its peak in 1984.

Mr Jesper Blom of the Danish Building Export Council, estimates that "the value of Danish building in the UK alone is at least DKK2.5bn and there are probably between 500 and 1,000 Danish skilled workers working on Danish sites in the UK."

This use of domestic labour, combined with the application of up to 70 per cent Danish products on the building site, is one of the characteristics of recent Danish projects abroad.

"Our skilled workers are possibly more disciplined and well-trained than their British counterparts," claims Mr Blom. "That is why many Danish companies go on using Danish labour, despite the fact they are paid nearly double the wage of a British worker."

This argument seems to be borne out in reality. Danby, which is one of the biggest property development and investment companies in Denmark, started moving into the UK market in 1986 spending \$8m on a site in Hammersmith.

The company's British arm, Danbuild, is now building in west London. Despite, or perhaps because of, its use of Danish sub-contractors and suppliers, Danbuild has managed to keep building costs at the west London location at £50 a square foot which is considered cheap by British standards for type of construction involved.

Danish investment in Britain has, however, run into some trouble recently due to the rise in UK interest rates.

The Danish company, Islet, which is heavily involved in the London Docklands where it is building 450 apartments, sold a large number of apartments last Spring. This year it has found it less easy to sell the stylish Danish-designed luxury apartments, particularly at its 123-apartment site at Greenland Passage.

Kreditforeningen, the Danish mortgage credit association, which has financed the building in the Docklands and is acting as surety against any losses, is negotiating for increased payments from Islet and its partner, Christiania & Nielsen, for the Greenland Passage site.

Property developers in Denmark have a very close relationship with domestic mortgage institutions because such

institutions provide a special form of long-term loan that is based on the value of the property and not on the creditworthiness of the customer.

This form of financing has worked well in Denmark where the loans can total up to 80 per cent of property value.

Not surprisingly, local building companies are hoping to

the 1989 'Denmark in Britain' campaign. The sites for the buildings have not been fixed as yet.

This emphasis on building exports comes in a slump period for local builders. Those hardest hit have been companies involved in the construction of offices and factories. Office development, particularly outside of central Copenhagen - which saw a boom over the last two years, fuelled by money from the wealthy pension funds trying to avoid tax payments - has reached saturation point. Rents have slipped as much as 40 per cent, in some cases.

"Local building has definitely had to face a curfew. In money terms, the industry is anything from 20 to 40 per cent down on last year," estimates Mr Finn Hoelting from the consultancy, Building Information. Construction in central Copenhagen has not been hit as hard as the provinces due to several large building projects which have taken up some of the slack.

The rebuilding of one of the major department stores, Illum, is nearing completion, as is a new DKK400m shopping and entertainment centre,

see a liberalisation of Danish law so that this form of financing will follow them on their overseas projects.

The Danish Government has been encouraging on this point - the Housing Minister, Ms Agnete Laustsen, acknowledged that "the financial side of Danish building exports will be considerably strengthened by a change in the mortgage loan law which we hope to have passed this autumn by parliament."

As part of a "massive export drive" encouraged by the quasi-governmental Danish Export Council, 10 Danish building companies are planning to build demonstration buildings in the UK, West Germany, Portugal and Spain.

Two demonstration buildings, displaying Danish building products, will be constructed in the UK as part of

Denmark's building products export drive has coincided with a slump in domestic activity, particularly in the office and factory sectors

the 1989 'Denmark in Britain' campaign. The sites for the buildings have not been fixed as yet.

This emphasis on building exports comes in a slump period for local builders. Those hardest hit have been companies involved in the construction of offices and factories. Office development, particularly outside of central Copenhagen - which saw a boom over the last two years, fuelled by money from the wealthy pension funds trying to avoid tax payments - has reached saturation point. Rents have slipped as much as 40 per cent, in some cases.

"Local building has definitely had to face a curfew. In money terms, the industry is anything from 20 to 40 per cent down on last year," estimates Mr Finn Hoelting from the consultancy, Building Information. Construction in central Copenhagen has not been hit as hard as the provinces due to several large building projects which have taken up some of the slack.

The rebuilding of one of the major department stores, Illum, is nearing completion, as is a new DKK400m shopping and entertainment centre,

the 1989 'Denmark in Britain' campaign. The sites for the buildings have not been fixed as yet.

This emphasis on building exports comes in a slump period for local builders. Those hardest hit have been companies involved in the construction of offices and factories. Office development, particularly outside of central Copenhagen - which saw a boom over the last two years, fuelled by money from the wealthy pension funds trying to avoid tax payments - has reached saturation point. Rents have slipped as much as 40 per cent, in some cases.

"Local building has definitely had to face a curfew. In money terms, the industry is anything from 20 to 40 per cent down on last year," estimates Mr Finn Hoelting from the consultancy, Building Information. Construction in central Copenhagen has not been hit as hard as the provinces due to several large building projects which have taken up some of the slack.

The rebuilding of one of the major department stores, Illum, is nearing completion, as is a new DKK400m shopping and entertainment centre,

the 1989 'Denmark in Britain' campaign. The sites for the buildings have not been fixed as yet.

This emphasis on building exports comes in a slump period for local builders. Those hardest hit have been companies involved in the construction of offices and factories. Office development, particularly outside of central Copenhagen - which saw a boom over the last two years, fuelled by money from the wealthy pension funds trying to avoid tax payments - has reached saturation point. Rents have slipped as much as 40 per cent, in some cases.

"Local building has definitely had to face a curfew. In money terms, the industry is anything from 20 to 40 per cent down on last year," estimates Mr Finn Hoelting from the consultancy, Building Information. Construction in central Copenhagen has not been hit as hard as the provinces due to several large building projects which have taken up some of the slack.

The rebuilding of one of the major department stores, Illum, is nearing completion, as is a new DKK400m shopping and entertainment centre,

the 1989 'Denmark in Britain' campaign. The sites for the buildings have not been fixed as yet.

This emphasis on building exports comes in a slump period for local builders. Those hardest hit have been companies involved in the construction of offices and factories. Office development, particularly outside of central Copenhagen - which saw a boom over the last two years, fuelled by money from the wealthy pension funds trying to avoid tax payments - has reached saturation point. Rents have slipped as much as 40 per cent, in some cases.

"Local building has definitely had to face a curfew. In money terms, the industry is anything from 20 to 40 per cent down on last year," estimates Mr Finn Hoelting from the consultancy, Building Information. Construction in central Copenhagen has not been hit as hard as the provinces due to several large building projects which have taken up some of the slack.

The rebuilding of one of the major department stores, Illum, is nearing completion, as is a new DKK400m shopping and entertainment centre,

Xuefeng Lin

Continued on Page 8

FINANCIAL TIMES

The following Nordic Surveys will be published during 1989:

NORWAY - 2nd May

SWEDISH INDUSTRY - 5th June

SWEDEN - 18th October

FINLAND - 18th December

FOR ADVERTISING INFORMATION CONTACT:

CHRIS SCHÄANNING

LONDON (01) 873 3428

GILLIAN KING

ON (01) 873 4823

TELEFAX LONDON (01) 873 3079

FINANCIAL TIMES

Number One Southwark Bridge London SE1 9HL Telephone: 01-873 3000



The brand leader's in the pink.

Danepak's position as the leading brand of bacon in Britain grows stronger by the hour. Thanks to a non-stop programme of product improvement, built

around the superb Danish product with its uniquely high standards of production, and product innovation, built around pioneering food technology.



FOYEN & BELL SOLICITORS LONDON

International Firm of Solicitors with offices in: COPENHAGEN, Norway, Sweden, USA, Brazil, France & England

- Specialising in:
 - Agency & distribution agreements
 - Franchising & licensing
 - Setting up business
 - Mergers, acquisitions & sales of companies
 - Commercial litigation

For further information please contact:

Rag Whitall Partner Foyen & Bell Newway House 21/24 Cockspur Street London SW1Y 5BN Tel. 01-239 7307 Fax. 01-239 8896 Telex. 527540 FOYEN GB

Aarhus Olie measures quality by the drop

Located in Denmark, Aarhus Olie is a leading supplier of Specialty Fat Systems to the International Confectionery Industry. Every drop of our oils must meet the highest standard of quality - a standard that is based upon a century of commitment to being the very best. And our efforts are well rewarded. Major companies in the confectionery industry trust and

rely upon Aarhus Olie as a close working partner. From development of a product concept to delivery of finished goods, Aarhus Olie measures up...drop by drop.



Aarhus Oleifabrik A/S M.L.B. Brunns Gade 27 - P.O. Box 50 - DK-8100 Aarhus C Telephone: +45 818 60 00 Telex: +45 818 62 82

Aarhus Olie offers technological service and vegetable ingredients for the food industry world-wide. Production facilities are located in Denmark, the U.K. - Anglia Oils, Hull and the U.S.A. - Aarhus Inc., New Jersey.

DENMARK 9

AGRICULTURE

Among the largest food exporters

MODERN Denmark is the product of its successful emergence as an agricultural exporter in the final decades of the 19th century when it became an important supplier of bacon, eggs and butter to the British market.

The image of Denmark as an agricultural country has stuck, which does not please its manufacturers or the authorities, who are keen to promote an industrial image for the country. By any reasonable definition Denmark is industrialised; only five per cent of the labour force is employed in agriculture and 70 per cent of its exports are industrial products.

But Denmark's industry is nevertheless indissolubly linked to its agriculture, past and present.

This point was made with some force in a study published last year by two Danish economists, Mr Kim Moeller and Mr Henrik Pade, in which they found that virtually all Denmark's most competitive exports, as defined by their share of world trade, were either agricultural or fisheries products. When the agricultural machinery and food processing machinery industries are added to the agro-industrial complex, these industries account for about 20 per cent of gross domestic product, while all other manufacturing industries accounted for about 20 per cent.

In addition to the 133,200 employed in farming, 56,000 work in food processing and about 17,000 in machinery industries related to agriculture and food processing.

Denmark is the world's 16th largest food exporter, a considerable achievement for a country of 5 million. Agricultural exports in 1988 totalled Dkr44.5bn (including EC export subsidies of Dkr 6.5bn), some 22.9 per cent of merchandise exports. With the addition of processed products such as sugar, beer and butter cookies, the total came to Dkr 53.2bn, or 27 per cent of overall exports.

A much-discussed issue is whether Denmark's agricultural dependence is a problem or a boon. The problem arises because European Community

and global trade policy difficulties make it more than doubtful whether agricultural production and exports can increase significantly over the next few years. If Denmark's external deficit is to be eliminated by increased productivity, the onus for achieving this is likely to fall on the manufacturing sector, economists argue.

Agricultural organisations are not too pessimistic, however, as Mr Oien Hoen, a director of the Danish Bacon and Meat Council explained. "Dan-

The food processing industry will expand by increasing its production of convenience foods, which now accounts for about 10 per cent of total output

ish producers should be able to win market shares as living standards rise in the southern European countries," he said. The food processing industry will expand by increasing its production of convenience foods, which now account for about 10 per cent of total output.

And the big processing companies will invest in processing capacity, both in dairying and meat-packing, in other countries in order to secure enough raw materials to meet the demand for their products. Three meat processing co-operatives have already invested in slaughterhouses in Holland, the UK and Belgium, and MD Foods, the big dairy co-operative, is considering acquisitions in Europe and the US.

"As a European agricultural exporter, Denmark stands out for the high proportion of its exports which go to third countries. This goes back to the 1960s, when Denmark was not a member of the EC and was forced to find alternative markets.

This development has had a profound effect on some of Denmark's traditional markets. For example, the Danes now

have about 26 per cent of the market for imported bacon and pigmeat in the UK. The share was for many years between 42 per cent and 43 per cent. The meat is now exported to Japan instead, where it fetches a better price. In 1988 pigmeat exports to Japan totalled 126,000 tonnes, worth Dkr3.85bn, compared with 150,700 tonnes exported to the UK, but worth only Dkr2.76bn.

Saudi Arabia is now the second leading market after the UK for Danish butter and Iran has overtaken Germany as a market for cheese, by tonnage, though not by value.

Mr Hoen thinks that greater emphasis will be given to Europe over the next few years, partly because other suppliers, such as Taiwan, will gradually displace Danish pigmeat in Japan and partly because of the opportunities arising from the completion of the EC internal market in 1992.

In the primary agricultural sector, profound and painful changes have taken place during the 1980s. There are now about 40,000 farms which operate on a full-time basis. In 1970 there were about twice this number.

The change is well illustrated by developments in pig production. In 1970 there were 98,909 farms sending pigs to slaughter, but only 17 per cent came from farms delivering more than 500 pigs a year. In 1988 there were 39,141 such farms with 77 per cent of the pigs coming from farms delivering more than 500 and 80 per cent from farms delivering more than 3,000.

There have been two major financial crises in agriculture within the past 10 years, in 1978-82 and 1986-88. The effects of the latter have not yet worked themselves out; many more farms will be sold over the next two or three years.

Nevertheless, this spring has seen a return to a more optimistic mood in agriculture, and the explanation, in a country where pigmeat is the single most important export, is not hard to find: the producer price for pigmeat has been raised three times since the New Year.

Hilary Barnes

SEED

Grass firm grows

DANISH GRASS seed is less well-known than the country's bacon and butter but it enjoys a more dominant position in Europe than either of these.

Danish companies account for about 60 per cent of the grass seed sold in Europe. The leading domestic seed company is the Odense-based Daehnfeldt, which was acquired last year by Booker, the UK food and agro-industrial group.

The country's prowess in seeds was established by far-sighted farmers a century ago, who saw the market potential of pure seed. Since then production know-how has been handed down through generations of farmers.

"Booker did not only buy a firm; they bought the seed development know-how of a couple of thousand farmers," said Daehnfeldt's managing director Mr Hans Laurids Johansen.

Besides grass seed, Daehnfeldt has pioneered flower breeding, and its subsidiary, Ohlsen Exels, is a leader in vegetable seed and breeding. At its research station near Odense (which is also the centre of the domestic horticulture industry), Daehnfeldt has 11,000 square metres under glass, of which 5,500 are used for plant development and research purposes.

Plant development from tissue culture is one of the leading lines of development. The technique, by which a few cells are developed in a growth culture, produces in the course of a single season a million identical plants from a single culture. This is the central concept in the marketing of potted flowers, such as begonia, cyclamen and gerbera.

The acquisition of Daehnfeldt by a non-Danish company caused considerable controversy, but Daehnfeldt and its employees are happy with Booker. "It is a big advantage to join a big international company, which provides much greater opportunities for expansion."

HB

MD FOODS

Dairy co-op goes for size

THE Danish agricultural processing industries are almost entirely controlled by co-operatives owned by farmers and run on a basis of one member, one vote.

The co-operatives, which established their dominance at the end of the last century and have never let it slip, give farmers control of the entire production process from the farm to delivery to the retailer or distributor.

The co-operatives, however, are sometimes criticised as being out of step with the times. They have become so big that they have lost contact with their members, according to some critics. Another criticism, which appears in a Ministry for Industry analysis of the food processing industries, is that Denmark has failed to maintain its share of world food markets because the co-operatives have paid insufficient attention to developing new products, spend too little on research and development, and that their potential for expansion is limited by their inability to attract external risk capital.

At the headquarters of MD Foods in Aarhus, Jutland, not much credence is given to the critics, which is not surprising. MD Foods controls about 60 per cent of the Danish dairy sector ("If any one wants to buy us out, they've got to buy 12,000 farms," said international director Mr Finn Christensen) has a turnover of over Dkr11bn, and employs 6,000 people. It is the third largest dairy group in Europe and fifth in the world.

It has been created over the past 18 years by the merger of a large number of small dairies into one big group - which is still a co-operative and still controlled by the votes of the farmers.

The name MD Foods is new. It was introduced last autumn in order to stamp a corporate identity on the collection of co-operatives and products which had joined the organisation over the years. The name was also chosen in order to imprint the name of the dairy giant in the minds of consumers and, perhaps more importantly, buyers from the food trade all over the world.

Size is regarded as crucial as competition increases in the run-up to the EC's internal market. "MD Foods today has the strength to take on the international food giants; a strength that will ensure that the Danish dairy industry will not be routed when the big multinational companies show their teeth," MD Foods' chairman Mr Rasmus Jensen, a dairy farmer himself, told members in the annual report for 1988. The company's main markets are in Europe, the US, Saudi Arabia and Brazil, but it exports to more than 100 countries. About 45 per cent of the group's turnover comes from exports.

Mr Christensen said that the group's strategy is to be sufficiently big so as to be in a strong position against buyers from the retail sector, in which large chains are expected to acquire an increasing dominance. Sometimes products will go into stores with an MD brand name product, sometimes under the group's own brand name. "The thing is to make sure our products are in the stores in one way or

another," he said. Traditionally the dairies took the market as given and sold what they produced. Now, Mr Christensen says, "if we can find a market, we produce a product we can sell to it." For example, MD Foods has just introduced a cow-milk variety of a traditional Spanish cheese made from goat or sheep milk, while in Hong Kong a market has been found for a milk product for babies. Production of Danish milk is limited by the EC's milk quota policy. The group is therefore considering buying dairies elsewhere. It is looking at the UK and the US especially, but so far no investments have been made.

Expansion into production of non-milk foods is another line of development. This would exploit the group's technology and expertise in dairying and its existing channels of distribution for juices, pureed fruits and coffee whisks, among others. More convenience foods, especially desserts, are also in the production programme.

Hilary Barnes

TULIP

Drive to improve earnings

TULIP, the meat processing co-operative, accounts for about 25 per cent of all pigs delivered for slaughter in Denmark. It is not only the biggest abattoir and meat processing business in Denmark but the biggest in Europe.

The group is the result of a process which has seen the number of co-operative meat processing groups reduced from more than 50 in the 1960s to nine today. Between them the nine groups took delivery of 15.8m pigs in 1988, up from under 10m in 1970.

Tulip, which has its headquarters in the east Jutland town of Vejle, is owned by 15,000 farmers. It has a labour force of some 6,000. It took delivery of 3.6m pigs and 113,000 cattle last year; its 1988 turnover of Dkr6.3bn was almost double the figure five years ago.

Earnings in the pigmeat sector have not been impressive over the past three years. This

is partly because the depreciation of the dollar in 1985 affected exports of canned hams to the US, and also because of tough competition in all markets and relatively high Danish wages and interest rates.

Tulip's net profit in 1987-88 fiscal year was Dkr128m, compared with Dkr104m in 1984 when turnover was only Dkr3.7bn. Group equity capital of Dkr382m is only 17.1 per cent of assets.

Substantial investments in rationalisation, a new processing plant for ground-meat products, and in convenience foods also helped to explain the dip in Tulip's earnings. Last year Tulip invested Dkr543m, which was double the 1986-7 level and five times as much as in 1984. It is hoped that these investments will improve earnings, especially when the group's modern ground-meat processing plant is fully operational later this year.

Tulip has so far sold traditional products to traditional markets, says director Mr H A Carstensen. These include bacon and fresh meat to the UK, where Tulip Meat Company is the leading supplier of Danish meat, fresh meat to Japan and canned hams to the US.

About 27 per cent of sales are domestic, 38 per cent go to the rest of Europe, 20 per cent to Japan and 12 per cent to North America at present.

The European market is expected to become more important in the future, both under the influence of the European Community internal market in 1992 and because it is a growth market for products with high value added, such as convenience foods.

Denmark's high veterinary standards have given it an advantage in its export efforts, but the price of this is that the country has Europe's highest raw material costs for a pro-

cessing industry. A gradual improvement in veterinary standards in Europe, bringing them up towards Danish levels, is expected to give Denmark an advantage by equalising raw material prices in Europe, said Mr Carstensen.

Tulip is a well-known brand name in some markets, but the consumer of the bulk of Tulip's products is probably not aware that the meat is Danish. Future sales strategy will use the brand name for some products, but often the product will be sold under the brand name of a retail chain.

Tulip is not one of the slaughterhouse groups which has so far bought equity in a slaughterhouse elsewhere in Europe, but this could be the net step in its strategy to ensure that it can meet future demand.

HB

The Bioindustrial revolution.

Order Form

Expanding the utilization of natural resources is resulting in new technology around the world. Behind it is the enzyme. A catalytic protein molecule found in all living things. Harnessing its impressive power has been our job from the beginning. Through more than a half-century of research, Novo has developed practical biotechnology based on insights into nature's own practical methods. For isomerization of glucose

into high fructose syrup. The brewing of beer with indigenous crops instead of malt. New detergents that renew cellulosic fibers. More potent antibiotics. New types of oils and fats. Pollution control. Higher yields, milder conditions and lower energy costs are today's reality for an ever-growing range of industries. All through the power of the enzyme. And the Novo Bio-industrial Group.

NOVO

The leader in industrial biotechnology. Biotechnical Group Novo Industri A/S, Novo Allé 2880 Bagsvaerd, Denmark Tel. +45 298 23 83 Fax +45 298 27 33. Telex 37173 Novo Enzyme Products Ltd. 9 Lion and Lamb Yard, West Street Farnham, Surrey GU14 1TA, U.K. Tel. (0252) 711212 Fax (0252) 711187/Telex 856363

FROM STRENGTH...

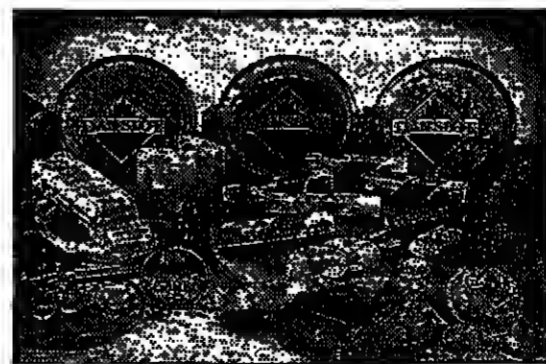
From October 1st, 1988, MD Foods (UK) Ltd. became the main supplier to the UK of Danish butter, cheese and Fresh Drinking Yogurt.

MD was formed from the amalgamation of two major players in the UK Dairy Market - Butterdane and Fynsk Foods.

MD's growth has come largely through mergers and acquisitions, and we have come to be known by the quality and reputation of our products.



...TO STRENGTH



By combining the strengths of these companies and their highest quality Danish dairy products, MD can now offer all the resources of the fifth largest dairy company in the world.

MD is a company committed to a single European market and to international expansion.

You already know our products... Now get to know MD Foods.

We're going from strength to strength.

MD Denmark's International Dairy

For further information contact: Charles Hunt, MD Foods (UK) Ltd., Gatton Place, St. Matthews Road, Redhill, Surrey RH1 1TA. Telephone: (0737) 761124

DENMARK 10

Hilary Barnes provides a guide for the business traveller

Be on time and come to the point



Phones: All area codes are changing in mid-May, therefore all current phone numbers will soon be out of date. Area codes must be dialled for all calls, including local ones. The Denmark code for international calls is 45. Dialling out of Denmark, the code is 009.

Hotels: Room rates in the top range hotels in Copenhagen are Dkr1,000-1,500 for a single, not always with breakfast. Palace 01144050; Hotel d'Angleterre 01120095; Plaza 01149262; SAS Scandinavia 01112324; SAS Royal 01141412; Sheraton 01149335; King Frederik 01125905; Imperial 01128000; and Admiral 01118323 are all central and recommended.

Travel: Kastrup International Airport is the main airport for Copenhagen. Duty-free at Kastrup are among the cheapest in Europe. SAS bookings 01187377; airport information 01541701.

There are domestic flights timed to suit the business traveller to Odense (Funen), Aarhus, Aalborg, Thisted, Esbjerg, Billund, Sønderborg (all Jutland). Bookings through SAS or other airlines.

Plenty of taxis in the big towns, with tariffs matching the country's high-cost reputation.

Copenhagen has an efficient suburban train (S-tog) service and a good bus service.

Avis 01152295; Hertz 01127700; and InterRent 01140111 offer nationwide car hire services. SAS offers a limousine service from the main airports for business travellers.

Eating out: Copenhagen has dozens of excellent, small restaurants, including an increasing variety of ethnic restaurants if you want to get away from hotel dining rooms. Central: Kong Hans, Joanne's, Egoisten, Copenhagen Corner, Eder Oxe, Lumsøebøgen, Fiskehuset (fish), Cranks

(vegetarian), Kommandanten, Les Etrole et une Rose, Sorte Ravn, Leonore Christina.

Lunch restaurants specialising in Danish open sandwiches include Ida Davidsen, Gitte Kik, Sct Annæ, Gilleleje. In summer, there are several good restaurants in the Tivoli amusement gardens. Divan II, Nimb, Balkonen.

At meals, do not raise your glass until your host or hostess does so, then look everyone at the table in the eye before you drink, and do not put your glass down until you see your host or hostess doing so.

If invited out privately, always take a small gift for the hostess - flowers or chocolates, for example.

In business, be on time, and come to the point: the Danes do not expect to spend 20 minutes getting to know you before they talk business. Business advice: The big banks: Danske Bank 01166500;

Copenhagen Handelsbank 01129800; Privatbanken 01111111; SDS 01131389; Andelsbanken 01145114; and for Jutland Provisbanker 00623711; and Jyske Bank 06621122. The Federation of Industries (Industriradet) 01152233; the Agricultural Council (Landbrugsrådet) 01145672; the Tourist Council (Turistradet) 01111416; and for independent analysis of the state of the political and economic situation The Scandinavian Economic Council (Landbrugsrådet) 01142127. British Embassy 01264600; US Embassy 01423144.

British Business Lunch: last Friday in month. Visitors welcome: contact Hilary Barnes 01142127, Fax 01369032.

Public holidays: December 25-26, January 1, Maundy Thursday, Good Friday, Easter Monday, Great Prayer Day (fifth Friday after Good Friday), Ascension Day, Whit Monday, Constitution Day (June 5).



Mytævn

Shake-up plans

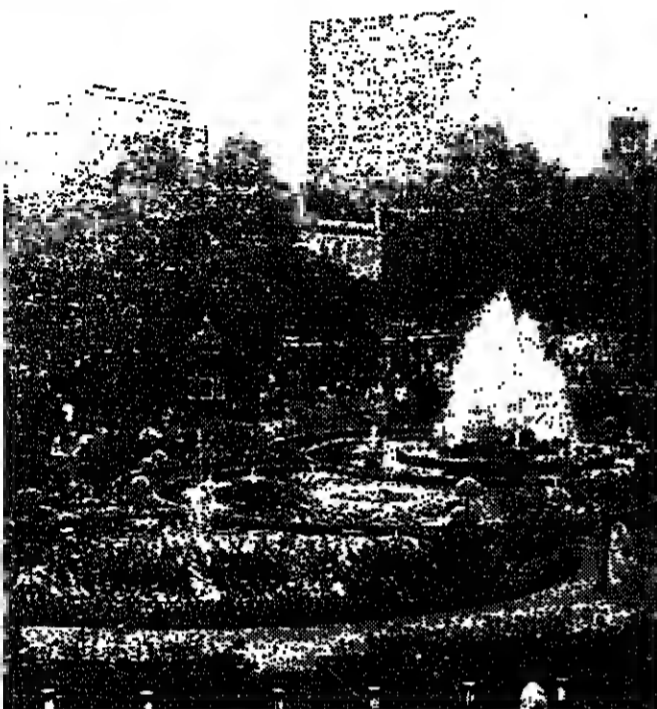
Continued from page 1

the government Denmark without a broad basis of consent. This is why there always seems likely to be a serious gap between the intentions and the outcome of government policies in the country.

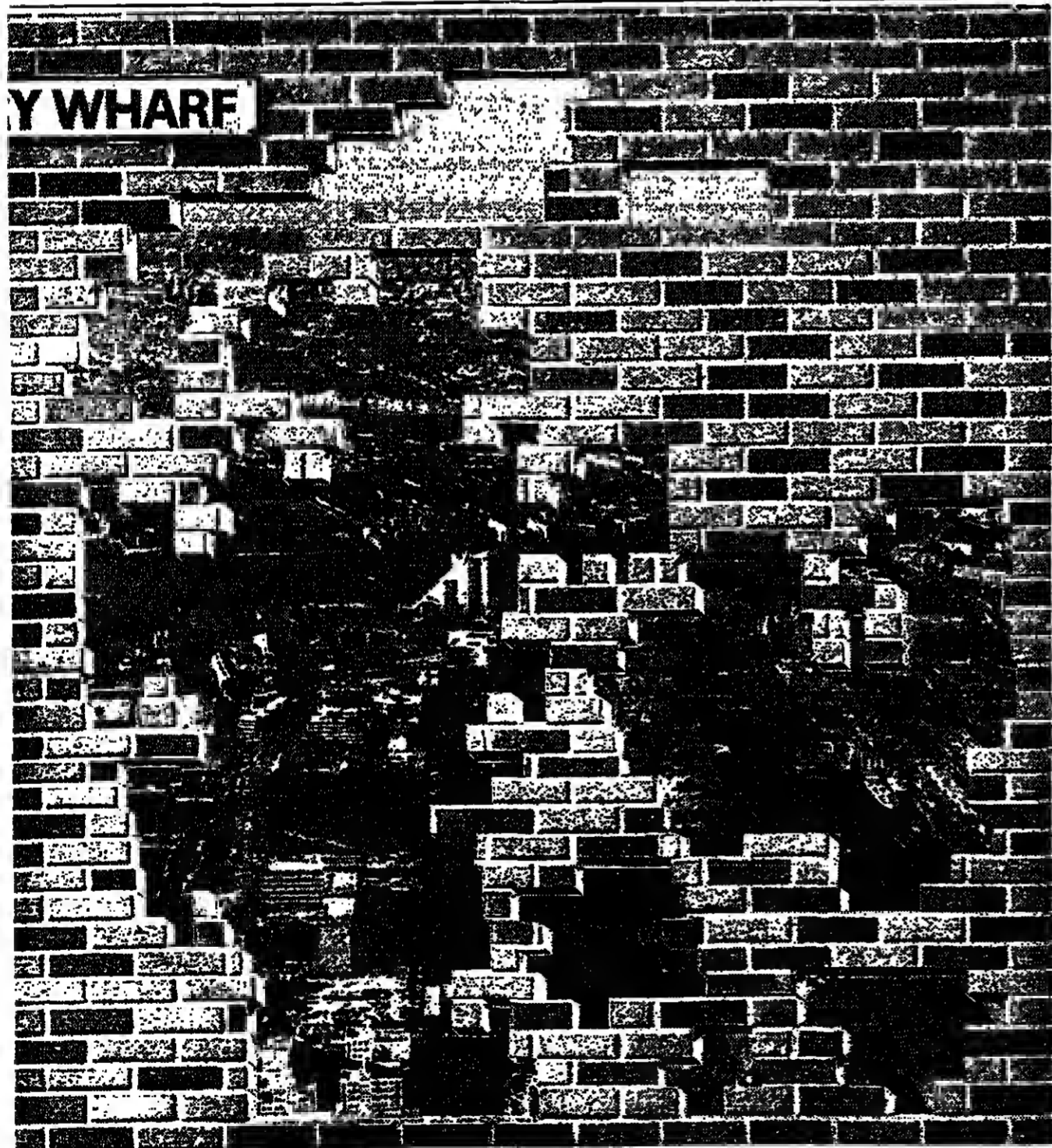
Mr Schlüter, after last year's May general election, managed to win over the pivotal Radical Liberals to join his coalition. Traditionally the party believes in the market economy and a pacifist foreign policy. Its backing is vital for the survival of the government. Mr Niels Helveg Petersen, the party's leader and now economy minister, seems ready to go along with what some ministers are already calling the "horror" package designed to remedy the country's economic problems but he insists: "we have to do a deal with the Social Democrats in it." The recent compromise settlement on defence is seen by him as the kind of broad-based deal that might succeed in another controversial area.

Yet the uncertainties of the parliamentary situation suggest that in the inevitable give and take Mr Schlüter will have to surrender more of his original package than is economically sensible. But then a Dane in a hair-shirt is an unlikely figure. As Robert Molesworth, a perceptive English diplomatic observer of the Danish scene in 1692 recalled of the Danes: "They live but from hand to mouth and therefore as soon as they get a little money they spend it. They live today, as the poet advises, not knowing but what they now have may be taken from them tomorrow." However, he went on: "There is a moral impossibility all these taxes and impositions should continue."

It may well be that Mr Schlüter will have to battle against the tide of Danish history to make his country the kind of competitive economy he would like to see, whatever encouragement he is receiving today from opinion surveys and his political colleagues.



Amalienborg Palace - royal residence



The Danes are making their mark on London

For the past 75 years Christiani & Nielsen Ltd, the wholly owned subsidiary of the Danish publicly quoted Christiani & Nielsen A/S, has carried out major construction work on numerous prestigious projects throughout the United Kingdom.

Operating from a Head Office in London, Christiani & Nielsen has a comprehensive capability in all forms of construction for the public and private sectors.

In addition, a network of offices, including Cardiff, Lichfield, Plymouth, Alloa and London, ensure an effective local response to an ever widening range of projects. Christiani & Nielsen - a touch of Denmark in Britain.

21-24 Grosvenor Place, London SW1X 7JE
Tel: 01-235 4321 Fax: 01-245 9743

CHRISTIANI & NIELSEN

Probably the best lager in the world.